



Financial Notice to Improve (“Notice”)

Issued to King George V College on 13 April 2016

1. The Notice is issued in accordance with clause 5.5 of the college’s Funding Agreement because King George V College has been assessed as inadequate by the EFA for its Financial Health for the next forecast year 2016/17. This position was confirmed to the EFA as agreed by the college, by Mike Benson, via email on 1 April 2016. The 16-19 Education Accountability Guidance sets out that where a college’s financial health is graded as ‘inadequate’ for the either the previous, current or next forecast year it is deemed to be in financial failure, this will form the basis for issuing a Financial Notice to Improve.
2. This Notice sets out actions that constitute additional conditions of funding with which King George V College is required to comply in order that provision can continue to be funded (subject to compliance with the entirety of the 2015/16 EFA Conditions of Funding, including these additional conditions) by the EFA.
3. The Principal, as the Accounting Officer of the college, or the Chair of the Corporation, should acknowledge receipt of this Notice in writing to me within five working days of the date of the Notice.

Action required

4. The college shall:
 - a. Prepare and share with me a draft Action Plan, which should then be approved and finalised by the college Corporation after the EFA’s comments have been received by the college, by no later than 11 May 2016.

The plan should demonstrate, in the EFA’s assessment, that the proposed activity will secure the college’s financial position until the end of the academic year 2016 to 2017. The plan should clearly indicate how the college intends to make sufficient cost savings to achieve this.

The plan should also set out the colleges intended plans to secure a structural solution in advance of 31 July 2017, demonstrating how such plans will deliver long term viability for the provision through a merger, and how the college would carefully manage the college dissolution, should this be appropriate, giving consideration to any necessary public consultation periods. The plan should also include risk analysis that encompasses contingency arrangements should any structural solutions fail to proceed.

The plan should detail specific, time-bound activities that the college will undertake, and should include but not be limited to:

- detailed financial planning tables, including supplementary narrative to explain assumptions in the planning
- the outcomes of exploration into further staff reductions for 2016/17, which should include a thorough review of curriculum areas and exploring reducing the number of A level subject areas offered
- student number projections and staff planning assumptions, and a detailed sensitivity analysis on these assumptions; for both in year savings and moving forward with a mind to any future structural solutions
- actions you will take to implement savings you have identified, manage expenditure and maintain or increase income, including specific measurable objectives for how you will ensure financial sustainability until 31 July 2017
- actions to reduce all liabilities to minimum levels at the proposed point of structural change, giving increased confidence for consideration by any potential structural change partner(s)
- governance and governor ownership and monitoring of the actions within the plan
- the management of any risks to the delivery and quality of education provision

The EFA will assess the plan and consider whether it is sufficiently robust. The EFA will subsequently monitor progress against the plan throughout the remainder of the academic year 2015 to 2016, and, during the academic year 2016 to 2017, to ensure that sufficient progress is being made and agreed milestones are being reached.

- b. Attend regular meetings with the EFA. Attendees should include as a minimum, the Principal, Director of Finance and chair or other appropriate Governor to represent your Corporation, and or/Chair or representatives of your Finance and/or your Audit Committee. The meetings will focus on the college's progression against the milestones in the plan, where the college will be expected to provide information to demonstrate proper oversight and timely implementation of the plan, including updates on the progression of a structural solution. The EFA will arrange these meetings to coincide with key milestone dates in the plan – your first point of contact is [REDACTED] who can be contacted on [REDACTED] or [REDACTED].
 - c. Continue to undertake a regular review of potential cash flow requirements to inform short-term borrowing needs, and provide the EFA with an update on the position of borrowing needs, and provide the EFA with an update on the position of borrowing as well as direct confirmations of its bankers' continuing support. The college is also required to continue to supply monthly management accounts and monthly update reports to the EFA for review.
5. This notice may be revised and updated subsequent to the date of issue to reflect progress and/or any change in circumstances.
 6. If, in the EFA's view, the college fails to take the necessary actions (in whole or part) within the timescales set out, or if evidence of progress is not appropriate or not available, the EFA will take further action.

7. The EFA will determine when the college has made sufficient progress for the Notice to be lifted. This will usually be when the college's financial health grade has improved from inadequate to at least satisfactory. However, if the EFA considers that insufficient progress is being made, it reserves the right to take further intervention action at any stage. If the college complies with the actions within the timescales set out the EFA will, normally lift the Notice and confirm this in writing.

NOTICE ISSUED BY:

Paul Williamson

Director, Northern England

Education Funding Agency/ Skills Funding Agency

© Crown copyright May 2016