



Education
Funding
Agency

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Date: 1 June 2015

Dear Sir or Madam:

Key financial indicators

I wrote to you in November 2014 with an initial 'Key Financial Indicators Dashboard' which we produced working with the Sixth Form Colleges Association. Its main aim was to support sixth form college governors in providing effective financial scrutiny in your college.

We have today published an updated dashboard to inform your financial planning for future years. It includes your 2015/16 funding allocation and the moderated outcome of your 2013-2014 financial record. Your dashboard is enclosed. It is available to your college Principal via the EFA's [Information Exchange](#). It follows broadly the same format as before, and is accompanied by a short guidance note on its use.

While many colleges have a strong financial inheritance from prudent management, the role of governors in scrutinising the underlying trends has never been more important than now. We and the SFCA hope you will distribute this to your governors as an aid to understanding their college's up-to-date financial position, encouraging appropriate and informed discussion and challenge.

I hope you find the dashboard useful. If you have comments on it please pass your views to Laura Janowski (Laura.Janowski@sixthformcolleges.org) at SFCA.

If you do not already have access to the Information Exchange, you can [register for access](#) via GOV.UK.

Yours sincerely,

Peter Mucklow
National Director for Young People

CC College Principal

Commentary for the SFC Financial Dashboard

What is the dashboard?

The dashboard is a one page presentation of key facts and figures about your sixth form college, and benchmarks it against the rest of the sixth form college 'family'. It is based on data provided in your financial plans / records.

Who receives the dashboard?

The dashboard is being sent direct to the Chair of Governors of every sixth form college. A copy will also be shared with the Principal via the EFA's Information Exchange.

Why has it been created?

Concerns have been raised by Ofsted, the Further Education Commissioner and audit firms that, in **some** instances, they are seeing evidence of insufficient robust financial challenge of institutional financial information by the corporation. The aim of the dashboard is to ensure that you have easy access to a standard set of data to enable easy identification of key questions and challenges for your sixth form college's management team.

The creation of the dashboard also supports:

- Promoting self-regulation: by providing a simple consistent analysis, including benchmarking data
- Increasing transparency: being clear about what data there is and how it can be used
- Data efficiency: collecting once and using many times.

What does it tell me?

- Financial performance: headline financial performance figures relating to funding agency income over time. The average sixth form college performance figures are included, alongside your ranking.
- Trend analysis of your financial performance
- Financial health grades: the grades of your sixth form college, set against the overall sixth form college grades.

What doesn't it tell me?

The dashboard is intended to be a thought provoking 'starter for ten'. It will not provide the answers for you. Your college's Director of Finance and/or Principal will need to provide additional more detailed analysis and information as required.

It is important to note that the dashboard only addresses the financial performance of your sixth form college. This is, of course, only one element of the overall institutional performance. It is important to consider this alongside the educational/quality performance, estate plans, resource plans etc to ensure that they all link coherently.

There are also some hyperlinks at the bottom of the dashboard that will take you to other types of performance data that is readily available for your sixth form college.

What other sources of information are there?

www.ofsted.gov.uk

<https://www.gov.uk/16-to-19-education-accountability>

<https://www.gov.uk/government/publications/rigour-and-responsiveness-in-skills>

<https://www.gov.uk/government/publications/efa-investigation-publishing-policy/efa-investigation-publishing-policy>

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/331732/Letter_to_Principals_and_Chairs_of_Sixth_Form_College.pdf

What sort of questions might I consider?

Our financial health score is forecast to decline in 2015/16

- *What is driving that decline?*
- *How can we adapt our planning to mitigate this?*

Our financial health score is forecast to improve or stay the same in 2015/16

- *What are the underlying planning assumptions – and how realistic are they?*

There are changes ahead to the different types of 'protection' funding from the EFA

- *How vulnerable will we be without this additional £xx?*
- *How are we mitigating any reductions?*

Our staff costs as a proportion of income are amongst the highest/ lowest in the sector

- *Why is this?*
- *What are the links to our quality improvement strategies – and do they clearly align?*

Our borrowing as a percent of total income is amongst the highest/lowest in the sector

- *How much risk does this present? Are we confident of our ability to service the borrowing?*
- *How is the borrowing comprised? What has driven it?*

Our premises costs are increasing/decreasing

- *What is driving this trend?*
- *Does it align with our curriculum strategy/over-arching strategic plan?*