



Education & Skills Funding Agency

Education and Skills Funding Agency
Sanctuary Buildings
Great Smith Street
London
SW1P 3BT

13 November 2017

Henry Ball
Chair of Governors
Sussex Downs College
Ecat House
Cross Levels Way
Eastbourne
BN21 2UF

Dear Henry

Financial Health Notice to Improve

This letter and its schedules constitute a Notice to Improve (NTI) in line with clauses within the Financial Memorandum and Funding Agreement between the Secretary of State for Education (DfE) acting through the Education and Skills Funding Agency (ESFA) on behalf of the Crown.

It sets out additional conditions of funding that Sussex Downs College is required to comply with in order that ESFA can continue to fund. The conditions set out in the schedule(s) of this NTI are in addition to the conditions of funding set out in the Financial Memorandum and Funding Agreement.

I am issuing this NTI because Sussex Downs College has been assessed as having inadequate financial health by the ESFA following a review of the college's 2016/17 – 2018/19 Financial Plan.

Schedule 1 attached sets out the action required under this NTI.

Referral to the FE Commissioner

This NTI aligns with the Department's published policy, *Rigour and Responsiveness in Skills* (April 2013). This NTI also brings Sussex Downs College into scope for referral to the FE Commissioner for an independent assessment of the college's capability and capacity to make the required changes and improvements within a reasonable period of time.

In addition I understand that the college is committed to a merger with Sussex Coast College Hastings which is a change and builds upon the original Sussex Area Review recommendation. The FE Commissioner's team will visit the college to formally review the change to the Area Review recommendation. Once this assessment has been undertaken by the FE Commissioner, we reserve the right to

vary the terms of the NTI to reflect any recommendations made by him. These recommendations would be included in an additional Schedule to this NTI. The FE Commissioner's office will contact you regarding the arrangements for the assessment.

Where a NTI has been issued, the ESFA may take it into account when determining any eligibility for growth funding and/or it may also affect your ability to be successful in tendering for other funds and other competitive tendering processes for new provision.

Monitoring

ESFA will closely monitor progress made towards meeting the additional conditions through the scheduled case conferences and will work with you and wider agencies to secure the best outcome for learners, employers, the local community.

Compliance

If Sussex Downs College does not comply with the additional conditions within the specified time period, ESFA will pursue one or more of a range of options outlined in, or incorporated into, the financial memorandum and funding agreement.

In all cases, the removal of the additional conditions will occur when Sussex Downs College receives a letter from ESFA indicating that the additional obligations have been met.

Complaints

If you consider that ESFA has acted unreasonably or not followed a proper procedure in issuing the additional obligations, you can make a complaint under the procedure for dealing with complaints about the ESFA

<https://www.gov.uk/government/organisations/education-and-skills-funding-agency/about/complaints-procedure>

Publication

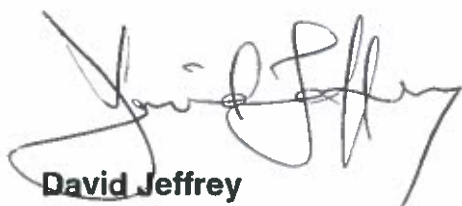
From 1 August 2017, and in accordance with the funding agreement, ESFA will be publishing all NTIs on Gov.uk

Action required

Please acknowledge receipt of this letter and the schedule below by writing to me within 5 working days of the date of this letter.

This Notice is being copied to Ofsted and the FE Commissioner.

Yours sincerely,



David Jeffrey

Deputy Director, Intervention (London and South East), ESFA

Cc:

Mike Hopkins, Principal

Jos Parsons, Ofsted

Becky Shaw, Chief Executive, East Sussex County Council

Richard Atkins, FE Commissioner

Schedule 1: Inadequate Financial Health Sussex Downs College

This schedule sets out the additional obligations relating to the improvement of the overall services. It has been issued because ESFA has assessed Sussex Downs College as having inadequate financial health.

Sussex Downs College is assessed as having inadequate financial health for the academic year 2016/17 following the ESFA review of the 2016/17-2018/19 Financial Plan submitted in July 2017.

Timescales

The additional obligations outlined within this schedule must be addressed swiftly. If the FE Commissioner completes an assessment, an additional schedule will be issued to confirm any additional obligations that are required.

In addition, where it is evident that sufficient improvement is not or cannot be achieved within the timescales specified, the EFA reserves the right to take further action open to it at any point.

Monitoring and Progress

You are required to prepare a comprehensive response, in response to the schedule details to address the identified underperformance. This will be reviewed at case conference and monitoring meetings with the ESFA Intervention Team and potentially the FE Commissioner (regularity to be confirmed by ESFA).

Further obligations

1. The Boards of Sussex Downs College and Sussex Coast College Hastings to pass a resolution made by the Joint Working group to support potential merger. A public announcement regarding the intention to merge must be made. Evidence of the resolution and public announcement to be provided to ESFA by 30th November 2017.
2. The college to agree a merger plan with Sussex Coast College Hastings, to achieve a merger by 29th March 2018. This plan should be shared with ESFA by 30th November 2017 and the ESFA will monitor progress against this plan to ensure that sufficient progress is being made and agreed milestone are being reached.
3. The college, in conjunction with Sussex Coast College Hastings, must provide all materials required for a successful Restructuring Facility application in line with timescales set by the Transactions Unit to enable the college to merge by 29th March 2018.
4. The boards of Sussex Downs College and Sussex Coast College Hastings to agree resolution to merge by 28th March 2018 and submit a merge B form to the ESFA immediately after merger.
5. The college must attend regular meetings with ESFA. Attendees should include, as a minimum, the Principal, Director of Finance and Chair or other appropriate Governor to represent your Corporation. The meetings will focus on ensuring that sufficient progress is being made on the merger and related RF application and the college will be expected to provide information to demonstrate proper oversight and timely implementation of the plan. ESFA will arrange these meetings and your first point of contact is Katherine.daynes@education.gov.uk
6. The college should continue to undertake a regular review of potential cash flow requirements and the college is required to supply the ESFA with monthly management accounts for review by 25th of each month which include a twelve month rolling cash flow along with narrative update reports.
7. The college should work with Sussex Coast College Hastings to embed curriculum planning practices and cost control measures as currently employed by Sussex Coast College Hastings
8. The college should provide evidence of action taken to improve quality standards within the college as part of its quality improvement procedures pre merger.
9. This Notice may be revised and updated subsequent to the date of issue to reflect progress and/or any change in circumstances.

10. If, in the ESFA'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 ESFA will take further action.
11. The ESFA will determine when the college has made sufficient progress for the Notice to be lifted. This will be lifted when Sussex Downs College can demonstrate an improvement in Financial Health to at least Satisfactory as evidenced by an audited Finance Record for at least one year and at least Satisfactory Financial Health for a further one year subject to assessment by ESFA. When the college complies with the actions within the timescales set out the ESFA will lift the Notice and confirm this in writing.