

BY EMAIL ONLY



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

Ken Warman  
Principal  
The Brooke House Sixth Form College  
Kenninghall Road  
London  
E5 8BP

10<sup>th</sup> November 2017

Dear Ken

**Financial Control**

Thank you for your co-operation during the Provider Risk & Assurance (PRA) team fact-finding review in September 2017. Please find below findings and recommendations.

[Redacted]

PRA has found areas where improvements in financial control are required and made a series of recommendations for catering, including free school meals, and the use of long-term consultants. The original Notice schedule (Financial Control), on subsequent pages, now includes these additional recommendations. Each additional recommendation has the date of inclusion next to it, for ease of identification.

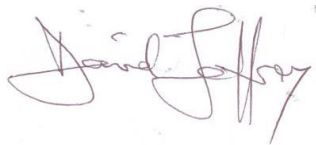
[Redacted]

BSix must comply with these obligations, which form part of the funding agreement with the ESFA, including achieving value for money in all transactions involving public funds. We will monitor progress towards meeting the schedule at our regular case conferences.

This letter will be copied to the Chair of Governors.

If you have any queries, please contact [REDACTED] [REDACTED] at [REDACTED]

Yours sincerely

A handwritten signature in black ink, appearing to read 'David Jeffrey', written in a cursive style.

**David Jeffrey**  
Territorial Director  
Intervention Team London and South East

## Notice to Improve (Notice) for Financial Control

Issued to Brooke House Sixth Form College (BSix) on 20 June 2017 (Revised November 2017)

This Notice for Financial Control, covers governance, management and procurement. The conditions below, in table 1, are in addition to the existing conditions outlined in table 2 (Financial Health).


### Schedule

Table 1: Financial Control

Issue/ Concern	Actions required for Notice for Financial Control	Timescale
<p>Governing body need to improve their oversight and control of college finances and the college's review of procurement and tendering issues, as identified by the Sixth Form College Advisers.</p>	<ul style="list-style-type: none"> <li>• Governing Body reviews its own mechanism for financial supervision and control. Robust governance implemented.</li> </ul> <p>The college is required to develop and evidence capacity for change.</p> <ul style="list-style-type: none"> <li>• Supply evidence to demonstrate more robust governance, including improving skills of Board members at the main and other Boards, the level at which decision-making will be made and oversight arrangements.</li> <li>• Secure suitable support to improve financial management, control and governance by partnering, for example, with an institution of 'outstanding' financial health and control.</li> <li>• Supply evidence of the controls put in place support transparent financial management, and secure value for money for public funds.</li> </ul>	<p>Immediate and on-going</p>
<p>As above.</p>	<ul style="list-style-type: none"> <li>• Governance and management immediately implement a complete review of all procurement systems, especially those involving agency staff. Robust systems implemented.</li> <li>• Implement all the Procurement Governance Recommendations (as set out on the document titled Procurement Governance Review, dated 16 November 2016) to strengthen financial governance and establish good practice.</li> <li>• Agree an implementation timeline with the Intervention Team (IT).</li> <li>• Supply evidence to IT that demonstrates improved processes/ internal controls for contract management and approval.</li> </ul>	<p>Immediate and on-going</p>
<p>Financial administration is under resourced.</p>	<ul style="list-style-type: none"> <li>• Staff resources in the finance department are increased,</li> </ul> <div style="background-color: black; width: 100%; height: 20px; margin-top: 5px;"></div>	<p>Immediate and on-going</p>

<p>[REDACTED]</p> <p>Catering (Oct 2017)</p> <p>Free school meals (Oct 2017)</p>	<ul style="list-style-type: none"> <li>• [REDACTED]</li> <li>• Demonstrate users are satisfied with the performance of the catering function. Obtain regular formal feedback from students and staff to help determine quality of service provided and identify areas for improvement (Oct 2017).</li> <li>• Regular internal audit scrutiny of catering finances (Oct 2017).</li> <li>• Take steps to ensure the EPOS till software is reviewed and that processes for recording sales/ expenditure within the catering function are accurate (Oct 2017).</li> <li>• Improve the financial oversight of monies received from ESFA for free school meals (and monies taken from bursary) against the income and expenditure incurred in the catering function. Free school meal funding clearly shown in monthly management accounts (for monitoring purposes). Ensure value for money in the use of bursary funds for satisfaction of internal auditors (Oct 2017).</li> <li>• Unspent bursary funds are clearly shown in the accounts (Oct 2017).</li> <li>• Safeguard against the risks associated with incurring significant expenditure outside of the usual college ordering, authorisation and budgeting process. The college to inform the agency how and when appropriate controls are in place (Oct 2017).</li> </ul>	<p>Immediate and on-going</p>
<p>Consultants (Oct 2017)</p>	<ul style="list-style-type: none"> <li>• The long-term use of consultants in senior positions to comply with Government/HM Treasury guidance, colleges own rules and can demonstrate value for money (Oct 2017).</li> </ul>	
	<p>The College is required to provide for 2016/17:</p> <ul style="list-style-type: none"> <li>• [REDACTED]</li> <li>• [REDACTED]</li> <li>• [REDACTED]</li> </ul>	

Table 2: Financial Health

Issue/ Concern	Actions already required for Notice for Financial Health	Timescale
	<ul style="list-style-type: none"> <li>• Submit copies of any bank current overdraft agreement.</li> </ul>	Already requested (but not yet received)
<p>Following a review of the Financial Record for 2015 to 2016, the college's financial health grade for 2015 to 2016 and 2016 to 2017 has been assessed as Inadequate.</p> 	<ul style="list-style-type: none"> <li>• Continue to submit latest monthly management accounts.</li> <li>• Submit an income &amp; expenditure account, balance sheet outturn forecasts and a rolling monthly cash flow forecast for at least the next 12 months.</li> </ul>	Immediate and on-going
	<ul style="list-style-type: none"> <li>• Produce a financial recovery plan, approved by the corporation, which is acceptable to the Agency. Present the recovery plan to the agency, including the Sixth Form Commissioner for consideration.</li> <li>• The actions and milestones in the recovery plan will form an annex to this Notice.</li> </ul>	<p>Draft produced by March 2017</p> <p>Final produced by April 2017</p>
	<ul style="list-style-type: none"> <li>• The financial recovery plan should secure the college's financial position by demonstrating a financial health grade of at least Satisfactory for two successive years. This should then be evidenced by the audited Financial Statements and Finance Record for the first year and the latest financial reports for the subsequent year.</li> </ul>	

**Support for actions and monitoring of progress**

- Regular case conferences (initially monthly) involving stakeholders (if appropriate) will be scheduled by the Agency to monitor progress against the Notice. The Agency will organise and chair the case conferences. We expect the attendance of the Chair, Principal and Financial Director as a minimum at those case conference, without substitution.
- In the event that the college fails to meet these conditions or further concerns arise, the ESFA reserves the right to act in accordance with intervention policy and/or the terms and conditions of their respective funding agreements.