



Education & Skills  
Funding Agency

Education and Skills Funding Agency  
Sanctuary Buildings  
Westminster  
London SW1P 3BT  
[www.gov.uk/esfa](http://www.gov.uk/esfa)

Martin Rosner  
Chair of Corporation  
Epping Forest College  
Borders Lane  
Loughton  
Essex  
IG10 3SA

23 March 2018

Dear Martin,

### **Financial Control Notice to Improve**

This letter and its schedule 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 **Epping Forest College** is required to comply with in order that ESFA can continue to fund the College. The conditions set out in the schedule 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 **Epping Forest College** has been rated inadequate for its financial management and control by ESFA, in light of events that have led to its recent request for Exceptional Financial Support from ESFA.

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

The conditions of funding specified within this NTI are in addition to those specified in your existing Notice of Concern (issued **18 December 2017**) for Financial Health.

## **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, and the local community.

## **Compliance**

If **Epping Forest College** does not comply with the conditions outlined in the schedule 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 **Epping Forest College** receives a letter from ESFA indicating that the additional conditions have been met.

## **Complaints**

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

<https://www.gov.uk/government/organisations/educationand-skills-funding-agency/about/complaints-procedure#complain-about-the-esfas-service>.

## **Publication**

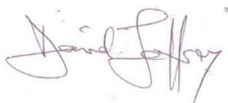
From 1 August 2017, and in accordance with the funding agreement, ESFA will be publishing all NTIs on .gov.uk

## **Action required**

Please acknowledge receipt of this NTI by writing to **Malcolm Rodrigues** ([Malcolm.RODRIGUES@education.gov.uk](mailto:Malcolm.RODRIGUES@education.gov.uk)) within five days of receipt.

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

Yours sincerely



**David Jeffrey**

Deputy Director, Intervention (London and South East)

cc:

**Saboohi Famili**, Principal & CEO Epping Forest College

**Jos Parsons**, Ofsted

**Richard Atkins**, Further Education Commissioner

## Schedule 1

No	Area of Concern	The College is required to:	Timescale
01	<b>Administrative</b>	Acknowledge receipt of this NTI.	Within 5 days of receipt
02	<b>Financial management and control</b>	Embed and strengthen the college's framework of risk management, governance and internal control to ensure it is sufficiently robust and effective.	With immediate effect
		Update and strengthen the college's recently submitted financial recovery action plan, to address financial and management control issues identified by the college's internal audit committee, including key lessons learnt following their review of the College's financial practices and procedures post changes in personnel within the Financial team.	<b>30 April 2018</b>
		The governing body and senior management team are required to have informed consent and ownership of the college's financial recovery action plan. The college to provide evidence of the governing body consideration and endorsement of the plan.  The plan should demonstrate that the college has an informed route to significant and sustained improvements with appropriate measures and milestones that support the college and ESFA in assessing progress being made. These progress updates will enable ESFA to report progress, as required, to the Minister of State for Apprenticeships and Skills.  The plan should also address any issues identified in the recent FEC February 2018 financial stocktake visit, with appropriate actions as required.	<b>30 April 2018</b>

		The plan should also ensure that due process, rigour and good practice are followed in the proposed land disposal to ensure best value for money, including meeting all legal requirements and the college's own financial regulatory processes.	
		Improvement in financial management and control to be evidenced by the 2017/18 submission of audited financial statements and finance record submitted in December 2018.	<b>31 December 2018</b>
		Include a Statement of Corporate Governance and Internal Control within the college financial statements.	<b>31 December 2018</b>
		Obtain an unqualified opinion on funding claim to ESFA for 2017/18 (if the college is subject to an ESFA funding audit).	<b>31 December 2018</b>
		Work towards a satisfactory or better independent opinion on financial management and control environment, confirming issues identified have been addressed and the college's risk management, governance and internal control arrangements are operating effectively.  This will be evidenced by the audit opinions of the Internal and External Auditors and the report from the college's Audit Committee to the Corporation.	<b>31 December 2018</b>
03	<b>Financial Reporting</b>	Continue to submit management accounts approved by the Corporation, and including confirmation of spend above £20k, on a monthly basis ahead of case conferences as per agreed timescales.	Monthly

04	<b>Risk management</b>	Review and update the existing risk management strategy and risk register with key financial control risks. Ensure all the key risks are identified, and prioritised, together with mitigating actions.	<b>30 April 2018</b> and ongoing
		Review, and if necessary, update the process for reviewing and updating the risk register by action owners.	<b>30 April 2018</b> and ongoing
05	<b>Monitoring</b>	The governing body, through the audit committee, to scrutinise risk management, governance and internal control arrangements, to ensure they are operating effectively, and progress is being made against agreed actions.	Ongoing
		College to submit progress reports (on the action plan) to ESFA in line with the current agreed ESFA Case Conference timetable.	Ongoing
		ESFA may undertake periodic monitoring visits to gauge progress against key performance indicators stipulated in this schedule.	Ongoing
		College to submit progress reports against any actions that have been undertaken in response to the FE stocktake as part of ESFA Case Conference monitoring.	Periodic as required