



Education & Skills  
Funding Agency

Education and Skills Funding Agency  
4<sup>th</sup> Floor  
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20 Great Smith Street  
London SW1P 3BT

03 October 2018

David Chalk  
Chair of the Board of Governors  
North Hertfordshire College  
Cambridge Road  
Hitchin  
Hertfordshire  
SG4 0JD

Dear David,

### **Financial Health Notice to Improve**

This letter and its schedules constitute a Notice to Improve (NTI) in line with clauses within the Funding Agreements 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 North Hertfordshire College is required to comply with in order that the ESFA can continue to fund. The conditions set out in the schedule of this NTI are in addition to the conditions of funding set out in the Funding Agreements.

I am issuing this NTI because North Hertfordshire College has been assessed as having inadequate financial health by the ESFA, based on the financial plan 2017/18 to 2019/20 and the college has requested Exceptional Financial Support (EFS).

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 has brought North Hertfordshire 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.

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**

The 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 North Hertfordshire College does not comply with the additional conditions within the specified time period, the ESFA will pursue one or more of a range of options outlined in, or incorporated into, the funding agreements.

In all cases, the removal of the additional conditions will occur when North Hertfordshire College receives a letter from the 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 the ESFA](#).

## **Publication**

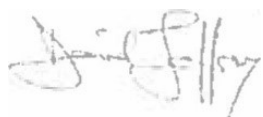
From 1 August 2017, and in accordance with the funding agreement, the ESFA will be publishing all NTIs on .gov.uk

## **Action required**

Please acknowledge receipt of this letter and the schedule below by writing to me within 10 days working days of the date of this letter.

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

Yours sincerely



**David Jeffrey**

Deputy Director, FE Territorial Team, London and South East

Cc:

Kit Davies, Chief Executive / Principal

Jos Parsons, Ofsted

Richard Atkins, FE Commissioner

## Schedule 1: Inadequate Financial Health North Hertfordshire College

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

		<b>Action</b>	<b>Timetable</b>
1.	Administrative	Acknowledge receipt of the Notice to Improve and Schedule	Within 10 days of receipt of this letter
2.	Leadership and governance	<p>The college will co-operate with the FE Commissioner and seek to implement the recommendations from any reviews.</p> <p>The college must attend regular meetings with the ESFA. Attendees should include, as a minimum, the Principal, Director of Finance and Chair, or other appropriate Governor, to represent your Corporation.</p> <p>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.</p>	Ongoing
3.	Financial planning and forecasting	<p>Produce a financial recovery plan to reflect both the current and future financial performance of the college.</p> <p>The plan should have the informed consent and ownership of the college's Governing Body and senior executive team.</p> <p>The improvement plan should include:</p> <ul style="list-style-type: none"> <li>- measures and milestones that will enable the college and the ESFA to assess the progress being made,</li> <li>- detailed financial planning tables, including supplementary narrative to explain assumptions in the planning</li> <li>- the outcomes of exploration into further cost savings for 2018/19 and 2019/20 which should include a thorough review of curriculum areas, included a costed curriculum analysis;</li> <li>- student number projections and staff planning assumptions, and a detailed sensitivity analysis on these assumptions;</li> </ul>	<p>Draft end of October 2018</p> <p>Final plan by end of November 2018</p>

		<ul style="list-style-type: none"> <li>- actions to implement savings you have identified, manage expenditure and maintain or increase income, including specific measurable objectives for how you will ensure financial sustainability;</li> <li>- governance and governor ownership and monitoring of the actions within the plan;</li> <li>- the management of any risks to the delivery and quality of education provision</li> </ul>	
		The college should continue to monitor closely its cash flow position and maintain regular dialogue with Lloyds and the ESFA.	Ongoing
4.	Financial Reporting (including solvency issues and cash flow management)	<p>Produce weekly detailed cash flow forecasts until agreement is reached to cease, and submit monthly to the ESFA by 25<sup>th</sup> of each month.</p> <p>Submit monthly management accounts to the ESFA by 25<sup>th</sup> of each month, in a format agreed by the ESFA, which include a twelve-month rolling cash flow along with narrative update reports.</p>	Ongoing
5	Improvement in financial health	<p>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, and no significant decline in financial health for the subsequent third year. This should then be evidenced by:</p> <ul style="list-style-type: none"> <li>- the audited financial statements and finance record for the first year and</li> <li>- the latest financial reports for the second and third years. (usually forecasts /financial plans)</li> </ul> <p>When the college complies with the actions, the ESFA will lift the NTI and confirm this in writing.</p>	

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