



Education & Skills
Funding Agency

**Financial Health Notice to Improve
Education and Skills Funding Agency**

Tel: 0370 000 2288

www.education.gov.uk/efa-enquiry-form

03 October 2018

Heather Clay
Vice Chair of the Board of Governors
Ealing, Hammersmith & West London College
Gliddon Road
LONDON
W14 9BL

Dear Heather,

Ref: Financial Health Notice to Improve

This letter and its schedule constitute an amended Notice to Improve (NTI) in line with clauses within the 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 Ealing, Hammersmith & West London College is required to comply with in order that 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 Agreement.

I am issuing this NTI because Ealing, Hammersmith & West London College has been assessed as having inadequate financial health by the ESFA, based upon financial information shared by the college including a request for Exceptional Financial Support. The college has also been independently assessed by the FE Commissioner as a result of decline in the Financial Health. Schedule 1 attached sets out the action required under this NTI to address inadequate Financial Health.

This Notice replaces and supersedes the previous Notice (issued in 2014).

This Financial Notice to Improve aligns with the Department's published policy, *Rigour and Responsiveness in Skills* (April 2013). In line with this, the FE Commissioner has undertaken recent work with the College.

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 monthly case conferences already in place, and will work with you and wider agencies to secure the best outcome for learners, employers and the local community.

Compliance

If Ealing, Hammersmith & West London College does not comply with the additional conditions within the specified 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 Ealing, Hammersmith & West London 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 the ESFA

<https://www.gov.uk/government/organisations/department-for-education/about/complaintsprocedure>

Publication

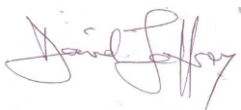
From 1 August 2017, and in accordance with the funding agreement, ESFA will be publishing all NTIs on gov.uk

Action required

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

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

Yours sincerely



David Jeffrey
Territorial Director
London and South East
Education and Skills Funding Agency

Copy:

Karen Redhead, Principal and CEO Ealing, Hammersmith & West London College
Rieks Drijver, Ofsted, Senior HMI Further Education and Skills – London
Richard Atkin, FE Commissioner

Financial Notice to Improve for 2016 to 2017 year – declaration for Ealing, Hammersmith & West London College

I confirm receipt of this letter and its associated schedule, and that I have read, understood and will comply with the additional contractual obligations contained within it.

Signed:

Name:

Position: V/ Chair of Corporation Ealing, Hammersmith & West London College

Date:

Schedule 1: Inadequate Financial Health - Ealing, Hammersmith & West London College

This schedule sets out the additional conditions relating to the improvement of the overall services. It has been issued following the review of the college's financial plan for 2018/19, after which it was concluded that the appropriate assessment grade for 2018/19 is 'inadequate'.

Timescales

The additional conditions outlined within this schedule must be addressed swiftly.

Compliance in respect of the additional conditions is key to securing the college's financial long-term sustainability.

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.

Monitoring and Progress

You are required to prepare a comprehensive response, in the form of a financial recovery plan to address the identified underperformance. This can be incorporated within the current College Recovery Strategy provided that it is clearly identifiable as your response to this Financial NTI. Your plan will be reviewed at monthly monitoring meetings with the ESFA Intervention Team and the FE Commissioner (regularity to be confirmed by ESFA).

| No | Issues | Action | Timeline |
|----|---------------------------|---|---|
| 01 | Administrative | Acknowledge receipt of the Notice to Improve and Schedule | Within 10 days of receipt of this letter |
| 02 | Leadership and governance | <ul style="list-style-type: none">The college must work with the ESFA, the FE Commissioner and seek to implement the recommendations from their reviews.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 the college's progression against the milestones in the financial recovery plan, where the college will be expected to provide information to demonstrate proper oversight and timely implementation of the plan. | Ongoing |
| 03 | Financial Recovery Plan | <ul style="list-style-type: none">The college must prepare and share with the ESFA the revised financial recovery plan within 4 weeks of the receipt of this letter.This should be finalised after ESFA's comments have been received by the college and then approved by the college Corporation at the next scheduled Board | Draft end of October 2018 Final plan by the end of November 2018 |

| | | | |
|----|---|--|---------|
| | | <p>Meeting. The plan must include specific, measurable, achievable, realistic and timely activities and milestones.</p> <ul style="list-style-type: none"> • The plan should demonstrate, in ESFA's assessment, that the proposed activity will secure the college's financial position. The plan should clearly specify how the college intends to make sufficient cost savings. • The plan should also include risk analysis that encompasses contingency arrangements should any structural solutions fail to proceed. • The plan should detail specific, time-bound activities that the college will undertake, and should include, (but not be limited to): <ul style="list-style-type: none"> ○ detailed financial planning tables, including supplementary narrative to explain assumptions in the planning; ○ 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; ○ student number projections and staff planning assumptions, and a detailed sensitivity analysis on these assumptions; for both in year savings and moving forward with a mind to any future structural solutions ○ 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 ○ governance and governor ownership and monitoring of the actions within the plan ○ the management of any risks to the delivery and quality of education provision • ESFA and the FE Commissioner will monitor progress against the plan to ensure that sufficient progress is being made and agreed milestones are being reached. | |
| 04 | Financial Reporting (including solvency issues and cashflow management) | <ul style="list-style-type: none"> • Produce weekly detailed cash flow forecasts until agreement is reached to cease, and submit monthly to the ESFA by 25th of each month. • Submit monthly management accounts for review by 25th of each month, which include a twelve-month rolling cash flow along with narrative update reports. The management | Ongoing |

| | | | |
|----|----------------------------------|--|--|
| | | accounts should include an integrated cashflow, P&L and balance sheet report with commentary on key trends and variances to budget / forecast, both in year and for the next financial year. | |
| 05 | Improvement in financial health | <ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> ○ the audited financial statements and finance record for the first year and ○ the latest financial reports for the second and third years. (usually forecasts /financial plans) • ESFA will determine when the college has made sufficient progress for the NTI to be lifted. This will be when the college's financial health grade has improved from inadequate to at least satisfactory, as evidenced by a financial record of satisfactory or better. When the college complies with the actions within the timescales set out ESFA will lift the NTI and confirm this in writing. | |
| 06 | The right to take further action | 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. | |