



Education & Skills  
Funding Agency

Education and Skills Funding Agency  
The Cube  
123 Albion Street  
Leeds  
LS2 8ER

13 May 2019

Mrs S Jee  
Chair of the Corporation  
St Helens College  
Water Street  
St Helens  
WA10 1PP

Dear Mrs Jee

### **Financial Health Notice to Improve – St Helens College**

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 St Helens 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 Funding Agreements.

I am issuing this NTI because St Helens College has been assessed as having inadequate financial health by ESFA following submission and assessment of the financial record 2017 to 2018.

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, *College Oversight: Support and Intervention* (April 2019). This NTI also brings St Helens 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.

On the basis that the FE Commissioner's advisers Teresa Kelly and Bob Smith undertook a Diagnostic Assessment of the college 28-29 January 2019 with a follow up 27 March 2019, at which point the college's financial issues were known, the FEC team will base this assessment of capability and capacity on the outputs of the this assessment. Once the assessment report has been prepared 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.

Where an 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, and the local community.

### **Compliance**

If St Helens 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 funding agreements.

In all cases, the removal of the additional conditions will occur when St Helens 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](#).

### **Publication**

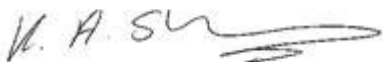
From 1 August 2017, and in accordance with the funding agreement, ESFA will be publishing all NTIs on.gov.uk.

### **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 NTI is being copied to Ofsted and the FE Commissioner.

Yours sincerely



Karen Sherry  
Northern Territory Director  
Further Education Directorate

Cc:  
Monica Box, Interim Principal, St Helens College  
Jos Parsons, Ofsted  
Richard Atkins, Further Education Commissioner

## **Schedule 1: Inadequate Financial Health – St Helens College**

This schedule sets out the additional conditions relating to the improvement of the overall services. It has been issued because ESFA has assessed St Helens College as having inadequate financial health following submission and assessment of the college financial record for 2017 to 2018.

### **Timescales**

The additional conditions outlined within this schedule must be addressed swiftly. Once the FE Commissioner has published his assessment, an additional schedule may be issued to confirm any additional conditions that are required.

Compliance in respect of the additional conditions will be on completion of the actions required and meeting the milestones and measures agreed by ESFA.

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 to address the identified underperformance, as outlined below. This will be reviewed at case conference and monitoring meetings with the ESFA FE Directorate Territorial Team and the FE Commissioner (regularity to be confirmed by ESFA).

### **Further conditions**

1. The college must work with ESFA and the FE Commissioner and his advisers to undertake any additional independent assessments required of the college's capability and capacity to make the required changes and improvements. This will include supplying all necessary information to the FE Commissioner or his advisers so any additional assessment can be made, if considered necessary, by ESFA and the FE Commissioner.
2. The college must prepare and share with ESFA an updated draft financial recovery plan by **31 May 2019**, upon which ESFA will provide comments. The final plan, approved by the college corporation, should then be submitted to ESFA by no later than **30 June 2019**. The plan must include specific, measurable, achievable, realistic and timely activities and milestones which demonstrate, in ESFA's assessment, that the proposed activity will secure the college's financial position. This should include, but not be limited to:
  - detailed financial planning tables, including supplementary narrative to explain assumptions in the planning
  - the outcomes of exploration into savings for 2018/19 and 2019/20, which should include a thorough review of curriculum areas.
  - student number projections and staff planning assumptions, and a detailed sensitivity analysis on these assumptions.

- actions to implement savings you have identified, manage expenditure and maximise 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

A revised financial plan which demonstrates the impact of the recovery plan on the financial health of the college 2019/20, 2020/21 and 2021/22 must be submitted along with the final recovery plan

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.

3. 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 plan, where 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 Jayne Dooley, Senior Manager FE Directorate Territorial Team.

4. The college should continue to undertake a regular review of potential cash flow requirements and the college is required to supply ESFA with monthly management accounts (inclusive of narrative update reports) for review by 25<sup>th</sup> of each month. The college will also be required to complete a monthly cash flow template and the format of this will be provided by ESFA.

5. ESFA will attend governing body meetings in an observer status until it is satisfied that there is sufficient oversight and challenge of the financial position. ESFA should receive all board papers related to finance.

6. This NTI may be revised and updated subsequent to the date of issue to reflect progress and/or any change in circumstances including, following the FE Commissioner's intervention and recommendations.

7. If, in 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.

8. 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 in 2017/18 to a **sustained position** that is assessed as being, at least, requires improvement (140 points or above) In particular, this will be evidenced by:

- The college's audited finance record.
- ESFA's assessment that is at least 'requires improvement' (140 points or above has been **sustained** as evidenced by management accounts and the finance plan.

- ESFA's assessment that beyond 2019/20 there is no significant risk of decline in financial health.

When the college complies with the actions within the timescales set out, ESFA will lift the NTI and confirm this in writing.