



Education & Skills  
Funding Agency

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

21 July 2020

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

Dear Susan

### **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 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 re-issuing this NTI (first issued 13 May 2019) following review to reflect updated policies and new processes and requirements for the submission and timing of financial data are now in place. St Helens College is still classed as being in **formal intervention**.

The college submitted a recovery plan in June 2019 and has made some progress to implement the college financial recovery, including asset sales and management of cash flow. However, the college remains in Inadequate financial health and a refresh of the recovery plan will allow the college to outline a plan for a sustainable strategy to move the college out of Inadequate financial health in the future

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

### **Monitoring**

ESFA will continue to closely monitor progress made towards meeting these 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 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**

ESFA publishes all NTIs on gov.uk

### **Reviews**

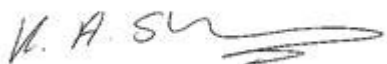
ESFA will regularly review this NTI with you. It is likely that the NTI will be re-issued, at least annually to ensure the terms and conditions remain relevant. ESFA reserves the right to reissue at any point should circumstances significantly change.

### **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, your local authority, Office for students, and the FE Commissioner.

Yours sincerely



Karen Sherry  
Deputy Director, Intervention (North) ESFA

Cc:  
Monica Box Interim Principal  
Jos Parsons Ofsted  
Claire Blott Mayoral Combined Authority  
Richard Atkins FE Commissioner  
Office for Students

## **Schedule: 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.

This is based on St Helens College being assessed with inadequate financial health on the college's financial statements 2017/18 and 2018/19 and forecast to remain inadequate for 2019/20.

### **Timescales**

The additional conditions outlined within this schedule must be addressed swiftly and take into account any recommendations from the FE Commissioner's stocktake due 14 July 2020. Once the FE Commissioner has completed his assessment, amendments may be issued to confirm any additional conditions that are required.

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

### **Monitoring and Progress**

All conditions will be reviewed at monthly case conference and monitoring meetings with the ESFA Intervention Team and the FE Commissioner (regularity to be confirmed by ESFA).

### **Specific conditions –**

The college must work with ESFA and the FE Commissioner and his advisers (Teresa Kelly and Bob Smith) to undertake an independent assessment 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 the assessment can be made.

1. The college must prepare and share with ESFA a draft refreshed financial recovery plan by **30 September 2020** which should then be approved and finalised by the college Corporation, after ESFA's comments have been received by the college, by no later than **11 December 2020**.
2. The plan should align with the college post inspection action plan to improve the quality of provision, with a specific focus to address the issues identified in relation to support for high needs learners.
3. The plan should demonstrate, in ESFA's assessment, that the proposed activity will secure the college's financial position. The plan should clearly indicate how the college intends to improve the financial health and be sustainable in the long term
4. The plan should detail specific, measurable, achievable, realistic and timely activities and milestones, and should cover but not be limited to:
  - detailed financial planning tables, including supplementary narrative to explain assumptions in the planning
  - reconciliations of pay and non-pay costs movements between years

- the outcomes of exploration into further staff savings for 2020/21 and 2021/22, which should include a thorough review of curriculum areas.
- a comprehensive estates review, in the context of curriculum requirements and forecast space needs (including utilisation analysis), addressing condition/sustainability/maintenance issues, and an analysis of possible closure and disposal options 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 options or 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 including rapid improvement to address the inadequate Ofsted grading for provision for high needs students
- The plan should also include risk analysis that encompasses contingency arrangements should any structural solutions fail to proceed.

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.

5. The college to facilitate an Independent Business and Options Review of the financial recovery plan based on a scope and timescale as instructed by ESFA. The resulting actions, recommendations, and options to be discussed with ESFA and an agreed plan to be implemented by the college
6. 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.
7. 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 25th of each month. The college will also be required to complete a monthly cash flow.
8. ESFA will attend governing body meetings in an observer status until it is satisfied that there is sufficient oversight and challenge of the recovery plan and the college has an improved financial assessment. In addition, the college must supply in advance papers for all board meetings.
9. The College must comply with the ESFA funding agreement and funding regulations, putting in place controls, measures and checks that ensure the effective performance of college provision, programmes and sub-contracted provision
10. 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. It will be formally reviewed with you, at least annually, to ensure it remains appropriate and current.

11. 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 EFA will take further action.

12. ESFA will determine when the college has made sufficient progress for the NTI to be lifted. This will be considered when the college's financial health grade has improved from the forecast inadequate in 2019/20 to a sustained position that is assessed as being, at least, 'requires improvement' (140 points or above with no zero ratio points score). The first opportunity to review will be based on:

- The college's submitted audited finance statements for 2020/21; and in addition
- ESFA's assessment that is at least 'requires improvement' (140 points or above with no zero ratio points score) is sustainable as evidenced by management accounts for periods subsequent to the audited finance statements and the forecast periods in the 2021-2024 Integrated Financial Model for Colleges submission, endorsed by the governing body.

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