

**BY EMAIL ONLY**

Ken Warman  
Principal  
The Brooke House Sixth Form College  
Kenninghall Road  
London  
E5 8BP

10<sup>th</sup> March 2017

Dear Ken

**The Brooke House Sixth Form College financial statements 2015/16**

**Notice to Improve (Notice) for Financial Health (attached)**

Thank you for providing a copy of the college's audited financial statements, finance record and assurance returns for the year ending 31 July 2016 (2015/16). We have reviewed these and set out the results of our assessment below.

[REDACTED]

[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
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Following a review of the college's audited financial statements and finance record, we have concluded that the appropriate assessment grade for 2015/16 is now Inadequate.

[REDACTED]

[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
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## **Notice to Improve (Notice) for Financial Health**

An assessment of inadequate financial health, in accordance with our published policy, attracts a Financial Notice to Improve (Financial Health). This Notice is attached. The Notice sets out the additional conditions of funding with which the college must comply within the timelines stated, and forms part of the college's funding agreement with the EFA.

## **Recovery Plan**

We have supplied an example performance scorecard/ dashboard that can be used by BSix as the basis for its recovery plan, this can also be found on Gov.uk at: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/319425/Example-FE-college-performance-Scorecard-Dashboard.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/319425/Example-FE-college-performance-Scorecard-Dashboard.pdf) You will also find, at this link a sample, populated layout for the Cash Flow Forecast which can be used as a guide.

Model management accounts and associated guidance are available on the Association of Colleges (AoC) website at: <http://www.aoc.co.uk/funding-and-corporate-services/funding-and-finance/accounting>

Whilst there is no requirement for a college to follow this guidance or adopt one of the suggested model formats, the Agencies recommend that, as a minimum, the following elements are included within monthly management accounts:

- Performance against any bank overdraft or loan covenants, where these are in place.
- Income and Expenditure Account
  - Budget for the year
  - Actual income and expenditure against budget for the current month and the year to date
  - Forecast outturn for the year (from December each year at the latest).
- Balance sheet
  - Budget for the year
  - Actuals for the year to date
  - Forecast year-end position (from December each year at the latest).
- Rolling 12 month cashflow forecast in numerical format, which reconciles to the balance sheet information.
- Performance against financial key performance indicators identified in the financial plan commentary.

If you choose not to follow this format in the management accounts you provide to EFA, then we will ask for this information to be provided in a supplementary report.

[Redacted]

**Annual Report and Financial Statements**

Colleges are reminded that they must publish their annual report and financial statement on their website by the end of January following the financial year to which they relate. Colleges should retain at least two years of annual reports and financial statements on their website.

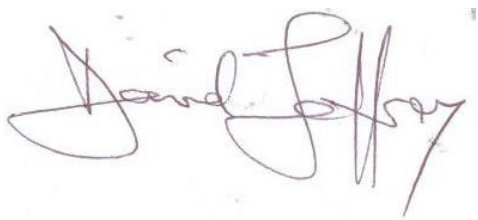
[Redacted]

[Redacted]

This letter will be copied to the Chair of Governors.

If you have any queries about the contents of this letter please contact [Redacted] at [Redacted]

Yours sincerely




David Jeffrey  
Territorial Director for the Joint Intervention Team London and South East

## Notice to Improve (Notice) for Financial Health

Issued to the Brooke House Sixth Form College (BSix) on 10<sup>th</sup> March 2017

### Reason for the issue of the Notice (Financial Health)

As a result of the financial assessment outlined in this letter, BSix has received an Inadequate rating for financial health.

Issue/ Concern	Action required	Timescale
<b>Financial Health</b>		
<p>Following a review of the Financial Record for 2015 to 2016, the college's financial health grade for 2015 to 2016 and 2016 to 2017 has been assessed as Inadequate.</p> 	<ul style="list-style-type: none"> <li>• Submit copies of any bank current overdraft agreement.</li> <li>• Continue to submit latest monthly management accounts.</li> <li>• Submit an income &amp; expenditure account, balance sheet outturn forecasts and a rolling monthly cash flow forecast for at least the next 12 months.</li> </ul>	<p>Already requested (but not yet received)</p> <p>Immediate and on-going</p>
	<ul style="list-style-type: none"> <li>• Produce a financial recovery plan, approved by the corporation, which is acceptable to the Agency. Present the recovery plan to the agency, including the Sixth Form Commissioner for consideration.</li> <li>• The actions and milestones in the recovery plan will form an annex to this Notice.</li> </ul>	<p>Draft produced by March 2017</p> <p>Final produced by April 2017</p>
	<ul style="list-style-type: none"> <li>• 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. This should then be evidenced by the audited Financial Statements</li> </ul>	

	and Finance Record for the first year and the latest financial reports for the subsequent year.	
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**Support for actions and monitoring of progress**

- Regular case conferences (initially monthly) involving stakeholders (if appropriate) will be scheduled by the Agency to monitor progress against the Notice. The Agency will organise and chair the case conferences. We expect the attendance of the Chair, Principal and Financial Director as a minimum at those case conference without substitution.
- In the event that the college fails to meet these conditions or further concerns arise, the funding agencies reserve the right to act in accordance with intervention policy and/or the terms and conditions of their respective funding agreements.

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