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for Education

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Date: 14 August 2024

Mr Nigel Holliday
Chair of Governors
Lakes College – West Cumbria
Hallwood Road
Lillyhall Business Park
Workington
Cumbria
CA14 4JN
Email: janem@lcwc.ac.uk

Dear Mr Holliday

Financial Health Notice to Improve

This letter and its schedule constitute a Notice to Improve (NTI) in line with clauses within the Funding Agreements between the Secretary of State for Education Department for Education acting through the Department on behalf of the Crown.

It sets out additional conditions of funding that Lakes College West Cumbria is required to comply with in order that the Department 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 revising this NTI (first issued 23 May 2024) to reflect the updated timeline and processes now in place.

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](#). This NTI also brings Lakes College West Cumbria 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. Once this assessment has been undertaken by the FE Commissioner, we reserve the right to vary the terms of the NTI to reflect any recommendations made by her. These recommendations would be included in an additional Schedule to Accountability Agreement/Funding Agreement, or reissue of, this NTI. The FE Commissioner's office will contact you regarding the arrangements for the assessment.

The Department may consider your NTI 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 Department 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 Lakes College West Cumbria does not comply with the additional conditions within the specified time, DfE will pursue one or more of a range of options outlined in, or incorporated into, the funding agreements. This may include the use of further education statutory intervention powers as set out in section 56A of the Further and Higher Education Act 1992.

In all cases, the removal of the additional conditions will occur when Lakes College West Cumbria receives a letter from DfE indicating that the additional conditions have been met.

Complaints

If you consider that DfE 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 DfE](#).

Publication

DfE publishes all NTIs on gov.uk and FE Commissioner's intervention reports.

Reviews

DfE 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. DfE 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 Karen.SHERRY@education.gov.uk within five working days of the date of this letter.

This NTI is being copied to Ofsted, your local authority, and the FE Commissioner.

Yours sincerely

Karen Sherry
Deputy Director, Place-Based Team North

Cc: Mr C Nattress, Principal chrisn@lwc.ac.uk
Jos Parsons, FE & Skills lead jos.parsons@ofsted.gov.uk
Martin Birch, Director of Children & Family Wellbeing
martin.birch@cumberland.gov.uk
FE Commissioner FEC.OPERATIONS@education.gov.uk
regulation@officeforstudents.org.uk

Schedule: Inadequate Lakes College West Cumbria

This schedule sets out the additional conditions relating to the improvement of the overall services. It has been issued because Lakes College West Cumbria has triggered intervention due to cash related concerns. Lakes College West Cumbria requesting £1.5m emergency funding loan to provide working capital to the college due to serious cashflow pressures being identified.

Timescales

The additional conditions outlined within this schedule must be addressed swiftly. Once the FE Commissioner has completed her 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 DfE reserves the right to take further action open to it at any point.

Monitoring and Progress

All conditions will be reviewed at case conference and monitoring meetings with the DfE Place-based Team and the FE Commissioner (regularity to be confirmed by DfE).

Specific conditions

1. The college must work with DfE, ESFA and the FE Commissioner and her advisers, Phil Cook and Esme Winch 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 her Advisers so the assessment can be made.
 - The college must prepare and share with DfE a single improvement plan which should then be approved and finalised by the college Corporation after DfE's comments have been received by the college, by no later than the end of September 2024.
 - The college must work with the FE Commissioner and her advisers to demonstrate the proposed improvements to financial controls, college systems and processes by October 2024. The FE Commissioner will undertake a stocktake visit in October 2024 and a Structure and Prospects Appraisal is probable for October/November 2024 and complete by the end of March 2025.

- As part of the improvement plan the college leadership team will engage with the National leaders of further education programme, (NLFE) to receive support.
2. Lakes College West Cumbria to agree that in the event of non-co-operation of the senior leadership team or a material financial under-performance to forecast in the opinion of DfE, if requested in writing by DfE, it will grant security over its properties to DfE within 3 months (or such longer time agreed by DfE in writing).
 1. The plan should demonstrate, in DfE's assessment, that the proposed activity will secure the college's financial position. The plan should clearly indicate on increased visibility of income, costs, and contribution analysis to support increased devolved financial management, monitoring, and controls.
 2. The plan should also include risk analysis that encompasses contingency arrangements should any structural solutions fail to proceed.
 3. 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.
 - the outcomes of exploration into further staff savings for 2024/25 and 2026/27, which should include a thorough review of curriculum areas.
 - 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.

DfE and the FE Commissioner will monitor progress against the plan to ensure that sufficient progress is being made and agreed milestones are being reached.

The DfE reserves the right to procure a third-party firm to undertake an Independent Business Review and that the college co-operates in full of this process.

3. The college must attend regular meetings with DfE. Attendees should include, as a minimum, the Accounting Officer (Principal/CEO, Chief Finance Officer/ Director of Finance) and Chair or another 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, and if necessary, including updates on the progression of a structural solution. DfE will

arrange these meetings and your first point of contact is Sue Thompson, Senior Manager, Place Based Team – Cumbria sue.thompson@education.gov.uk

4. The college should continue to undertake a regular review of potential cash flow requirements and the college is required to supply DfE with a monthly cashflow template – the format to be provided by DfE. Monthly management accounts to be submitted within 15 working days of month-end (or less).
5. DfE will attend Governing Body meetings as an observer until it is satisfied that there is sufficient progress against the single improvement plan and financial recovery. The DfE PBT must receive all Governance meeting dates, agendas, papers, and minutes in a timely fashion to allow preparation and attendance at meetings.
6. This NTI may be revised and updated after 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.
7. If, in DfE'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 DfE will take further action.
8. DfE 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 requires improvement for the period of 2024/25 and 2025/26 as evidenced by the finance record for 2024/25 and college financial forecasting report (CFFR) for 2025/26, endorsed by the governing body. When the DfE is satisfied that the college has complied with the actions within the timescales set out DfE will lift the NTI and confirm this in writing.