



## Financial Notice to Improve (“Notice”)

Issued to John Leggott Sixth Form College on 07 November 2014

1. This Notice is issued in accordance with clause 5.5 of the college’s Funding Agreement because John Leggott Sixth Form College has been assessed as inadequate by the EFA for its **Financial Health** for the year 2013-14 and for the current year 2014-15. The Financial Planning Handbook, section 2.8, sets out that where a college’s financial health is graded as ‘inadequate’ for the previous year (forecast or actual out-turn) or the current year (budget), this will form the basis for issuing a Financial Notice to Improve. This notice will be published in accordance with the Funding Agreement. The EFA will publish this document on [www.gov.uk](http://www.gov.uk) no earlier than 10 days from the date of this letter and will copy to Nic Dakin MP; Denise Hyde, Director of Children’s Services for North Lincolnshire Local Authority; and, Nick Wilson, Deputy Director Skills Funding Agency
2. This Notice sets out actions that constitute additional conditions of funding with which John Leggott Sixth Form College is required to comply in order that provision can continue to be funded (subject to compliance with the entirety of the 2014-15 EFA Conditions of Funding, including these additional conditions) by the EFA.
3. The Principal, as the Accounting Officer of the college, or the Chair of the Corporation, should acknowledge receipt of this Notice in writing to me within five working days of the date of the Notice.

### Action Required

4. The college shall:
  - a. Prepare and share with me by no later than **07 December 2014** a draft Financial Recovery Plan. Following any comments received from the EFA after that date the final plan should be approved by the college Corporation.

The Financial Recovery Plan should demonstrate, in the EFA’s assessment, that the proposed delivery will secure the college’s financial position by improving its EFA assessed financial health rating, to at least satisfactory, by the end of the academic year 2015-16. The financial health rating will be formally assessed by the evaluation of the college’s audited accounts **and** that financial recovery will be sustained, as evidenced by the college’s financial plans. The EFA will monitor progress throughout the first 12 months of recovery (and each subsequent year) to ensure that sufficient progress towards recovery is being made and agreed milestones have been achieved.

The Financial Recovery Plan should include but not be limited to:

- the contextual background to your financial health judgement for each year;
  - your planning assumptions including student number projections and staff planning, and a detailed sensitivity analysis on these assumptions;
  - monthly cashflow projections to at least the end of July 2015;
  - income and expenditure account, cashflow and balance sheet projections using the SFA/EFA financial planning template (use of the template will automatically calculate the financial health assessments for each year of the plan) and covering sufficient years to demonstrate recovery to an EFA assessment of satisfactory financial health 2015-16 at the latest, plus the two years following showing sustained recovery;
  - actions you will take to manage expenditure and maintain or increase income;
  - actions you will take to implement savings you have identified, including specific measurable objectives for how you will maintain a stable financial recovery;
  - governance and governor ownership and monitoring of the recovery; and
  - the management of risks to recovery and to the development, delivery and quality of education provision.
- b.** Attend meetings with the EFA on a quarterly basis (timings to be reviewed depending on progress). Attendees should include, as a minimum, the Principal, Director of Finance and Chair or other appropriate Governor to represent your Corporation, and/or the Chair or representatives of your Finance and/or your Audit Committee, to discuss the progress and pace of your financial recovery. The college will provide information to demonstrate the proper oversight and timely implementation of the financial recovery plan as requested by the EFA, including regular management reports. These reports should incorporate the same income/ expenditure asset/liability and cash flow categorisations as the recovery plan to facilitate variance analysis. The college will continue to undertake a regular review of potential cash flow requirements to inform short-term borrowing needs, and provide the EFA with an update on the position of borrowings as well as direct confirmations of its bankers' continuing support. The EFA will arrange these meetings and your first point of contact is [REDACTED] [REDACTED] [REDACTED]. [REDACTED]@education.gsi.gov.uk

5. This Notice may be revised and updated subsequent to the date of issue to reflect progress and/or any change in circumstances.

6. If, in the EFA'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.

7. The EFA will determine when the college has made sufficient progress for the Notice to be lifted. This will usually be when the college's financial health grade has improved from inadequate to at least satisfactory. However, if the EFA considers that insufficient progress is being made, it reserves the right to take further intervention action at any stage. If the college complies with the actions within the timescales set out, the EFA will, normally, lift the Notice and confirm this in writing and make this clear on the site where the Notice is published.

#### **NOTICE ISSUED BY**

Paul Williamson  
Territorial Director – Northern England  
Education Funding Agency