



**Financial Notice to Improve (“Notice”)
Issued to Queen Mary’s College on 12 December 2014**

1. This Notice is issued in accordance with clause 5.5 of the college’s Funding Agreement because Queen Mary’s College has been assessed as inadequate by the EFA for its **Financial Health** for the current year 2014 to 2015. 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 no earlier than 10 days from the date of this letter and will copy to Rt Hon Maria Miller MP; John Coughlan CBE, Director of Children’s Services for Hampshire Local Authority; and, Rachel McKellar, Deputy Director Skills Funding Agency.

2. This Notice sets out actions that constitute additional conditions of funding with which Queen Mary’s College is required to comply in order that provision can continue to be funded (subject to compliance with the entirety of the 2014 to15 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 **19 January 2015** 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 to 2016. 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 to 2016 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 monthly 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, confirm this in writing and make this clear on the site where the Notice is published.

NOTICE ISSUED BY:

Alan Parnum
Territorial Director - South
Education Funding Agency