



Education & Skills  
Funding Agency

Education and Skills Funding Agency  
Sanctuary Buildings  
Great Smith Street  
London  
SW1P 3BT

Tel: 0370 000 2288  
[ESFA-enquiry-form](#)

Mrs Natalie Garrett  
Southfield Primary School  
Banbury Road  
Brackley  
Northamptonshire  
NN13 6AU

20 January 2022

Company number: 08252316

Dear Mrs Garrett

### **Notice to improve: Southfield Primary School**

I am writing to you in your capacity as the Chair of Southfield Primary School to inform you that we are issuing the trust with a Notice to Improve for financial management concerns (Notice to improve, NTI, or “the Notice”).

Through the Education Skills Funding Agency’s (ESFA) ongoing engagement with the Southfield Primary School (SPS, or ‘the trust’), a series of weaknesses have been identified, each of which constitutes a breach of requirements of the trust’s funding agreement (FA) as set out in the Academy Trust Handbook (ATH). As a result, the trust is being issued with a Notice to Improve.

Whilst we recognise the steps taken by the Trust over the last 2 years, it has failed to comply with the Academy Trust Handbook by failing to maintain a balanced budget and ensuring that it remains a going concern. This has resulted in requirement of additional funding.

Under the terms of the FA between the Secretary of State and the academy trust, SPS is obliged to comply with the ATH, including:

***2.8** The board of trustees must ensure that financial plans are prepared and monitored, satisfying itself that the trust remains a going concern and financially sustainable.*

### **Setting a budget**

***2.10** The board of trustees must approve a balanced budget, and any significant changes to it, for the financial year to 31 August, which can draw on unspent funds brought forward from previous years. The board must minute its approval.*

## **Cash management**

*2.24 The trust must manage its cash position robustly. It must avoid becoming overdrawn on any of its bank accounts so that it does not breach restrictions on borrowing. It may be required to report on its cash position to ESFA where there are concerns about financial management.*

The trust failed to comply with the above provisions in the ATH by:

- Failing to maintain a balanced budget which resulted in a cumulative deficit at the end of the 2019/20 academic year.
- Forecasting a further cumulative deficit for 2020/21.
- Failing to manage its cash position which has resulted in the request to the ESFA for additional funding.

This letter and its annexes serve as a written notice to improve financial management at the Trust. It reflects the weak financial position of the Trust and continued concerns of financial management by the Board.

The Trust is required, pursuant to the provisions of the ATH and the FA, to comply with the terms of this Notice. These terms are set out in Annex A and Annex B.

Being issued with a Notice means that certain delegated authorities, as defined in the ATH, have been revoked. All transactions previously covered by these delegations, regardless of their size, must now be approved in advance by ESFA, specifically:

- special staff severance payments
- compensation payments
- writing off debts and losses
- entering into guarantees, indemnities or letters of comfort
- disposals of fixed assets beyond any limit in the funding agreement
- taking up a leasehold or tenancy agreement on land and buildings of a duration beyond any limit in the trust's funding agreement
- carry forward of unspent GAG from one year to the next beyond any limit in the funding agreement
- pooling of GAG

If the Trust comes to the ESFA to seek retrospective approval this will be deemed a breach of the ATH. Further details of the approval process will be forwarded to the Accounting Officer upon acknowledgment of receipt of this letter. These delegated authorities shall be returned to the Trust once we are satisfied that the requirements of the Notice have been, and will continue to be, complied with to the satisfaction of the Secretary of State.

We will monitor progress made towards meeting the requirements of this Notice. We will lift the Notice when the requirements set out in the annex have been met in full. We reserve the right to issue a revised Notice and add further specific conditions if required, should the trust fail to make sufficient progress against the original conditions. Should it become evident that the Trust is unlikely to fulfil the conditions and / or requirements set out in this

Notice and / or within the agreed timescales, we will explore the contractual intervention options available.

In the event that the Trust fails to meet the requirements of this Notice, to the satisfaction of the Secretary of State, the Trust will be considered to have failed to comply with the terms of the ATH. This will amount to a breach of the terms of the FA and may lead to termination. If continued non-compliance with the ATH occurs, we may also refer the case to the Charity Commission and/or Insolvency Service for further investigation, as deemed appropriate in the circumstances.

I should be grateful if you would acknowledge receipt of this letter by email within three working days of the date of this letter to [REDACTED]. In line with the requirements set out in ESFA's publishing policy, the Trust has 10 working days to offer any final comments on factual accuracy before publication. The Trust is required to publish the notice on its website within 14 days of it being published by the ESFA and retain it on the website until the notice is lifted by ESFA.

I am copying this letter to the Accounting Officer Annabel Kay, Trust Members Kevin Binley, and Ralph Scott-Gordon; and the Regional Schools Commissioner (RSC) for North West London South Central, Dame Kate Detheridge.

I look forward to hearing from you.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Warwick Sharp', written in a cursive style.

**Warwick Sharp**  
**Director – Academies & Maintained Schools Directorate**

CC. Annabel Kay, Kate Detheridge, Kevin Binley, Ralph Scott Gordon

## Notice to Improve

The Education and Skills Funding Agency (ESFA) has decided to issue a Notice to improve (the 'Notice') as a consequence of Southfield Primary School (the 'Trust')

- Failing to maintain a balanced budget and ensuring the trust remains a 'going concern', and failing to manage its cash position robustly. The paragraphs in the ATH that have been breached are as follows:

### 2.8 The board of trustees **must**:

- ensure that financial plans are prepared and monitored, satisfying itself that the trust remains a [going concern](#) and financially sustainable

### **Setting a budget**

*2.10 The board of trustees must approve a balanced budget, and any significant changes to it, for the financial year to 31 August, which can draw on unspent funds brought forward from previous years. The board must minute its approval.*

### **Cash management**

*2.24 The trust must manage its cash position robustly. It must avoid becoming overdrawn on any of its bank accounts so that it does not breach restrictions on borrowing. It may be required to report on its cash position to ESFA where there are concerns about financial management.*

The trust failed to maintain a balanced budget which resulted in a cumulative deficit at the end of the 2019/20 academic year. In addition, the trust has failed to provide a viable plan demonstrating financial recovery, and has forecast a further cumulative deficit for 2020/21.

The trust has also failed to manage its cash position which has resulted in the request to the ESFA for urgent cash support in order to meet its commitments in February 2022.

## Conditions

The trust is required to comply with all of the conditions set out in Annex B. These conditions have been set in order to mitigate against further breaches of the ATH.

Summary of conditions:

1. The trust continues to work with the Department for Education towards either:
  - a) continue its operation without the requirement for ongoing additional financial support by either transferring the academy to a Multi-Academy Trust and dissolving the trust; or continuing as a SAT (with a financial plan demonstrating long-term financial viability);
  - b) closure of the trust

2. The trust must either continue its operation without the requirement for ongoing additional financial support or close.
3. The trust is required to
  - Submit management accounts to the ESFA on a monthly basis.
4. The trust is required to:
  - a) Comply with the funding agreement requirement to submit all audited financial statements to the ESFA on time and without qualification.
  - b) Submit the Budget Forecast Return Outturn (BFRO) by the deadline required by the ESFA.
  - c) The Trust is required to submit the Budget Forecast Return (BFR) by the deadline required by the ESFA.
  - d) Contact the ESFA at an early stage if it believes it is not able to follow is falling behind the schedule set out in their Trust financial plan.
5. The Trust requests approval from the ESFA, in advance, for any actions under the revoked freedoms in Part 3 and Annex B of the AFH. These requests should be sent using the [esfa-enquiry-form](#). Retrospective approval will be deemed as a breach of the ATH.

### **Financial management and governance requirements**

The Trust is responsible for its own financial management, control and governance and is expected to take appropriate action to strengthen the weaknesses identified and return to compliance with the Academy Trust Handbook.

The Trust should take all appropriate actions to ensure the action plan agreed with the ESFA is fully implemented.

The ESFA must be satisfied that the Trust is doing everything it can to rectify the weaknesses identified.

### **Monitoring and progress**

The Trust is required to submit the evidence for the specific conditions to the timescales outlined in Annex B to enable the ESFA to monitor compliance and progress.

Should it become evident that the Trust is unlikely to fulfil the conditions and / or requirements set out in this Notice and / or within the given timescales, the ESFA will begin to consider and explore the contractual intervention options available.

### **Compliance and the end of the notice period**

As outlined in Annex B, the trust is required to submit evidence to demonstrate compliance with the conditions of this notice, which the ESFA will use to monitor the trust's progress.

Annex B sets out the detail of the evidence required to fulfil the condition and the timescales to submit this evidence to the ESFA.

When the Trust meets all the conditions outlined in this Notice, is fully compliant with the most recent edition of the ATH and no other breaches have been identified, the ESFA will write to the Trust to confirm that the Notice has been lifted.

**Table of conditions**

The table below summarises the conditions that have been placed upon Southfield Primary School (“the Trust”)]. It sets out the evidence the Trust must provide, and the timescales the Trust must meet, to show that they have complied with the Notice to improve (“the Notice”). All conditions set out in the table must be met before the Notice can be lifted.

**Conditions**

|          | <b>Condition applied</b>   | <b>Action/ evidence required from trust</b>  | <b>Associated breach</b>  | <b>By when</b>   |
|----------|--|--|---|--|
| <b>1</b> | The trust continues to work with the Department for Education towards either:<br><br>continue its operation without the requirement for ongoing additional financial support by either transferring the academy to a Multi-Academy Trust and dissolving the trust; or continuing as a SAT (with a financial plan demonstrating long-term financial viability);<br><br>or<br><br>closure of the trust | Submit a viable financial plan to the ESFA by the 31 <sup>st</sup> January 2022. The financial plan must show how the school can maintain a balanced budget from either the point of transfer to a MAT or from 31 August 2022 if continuing as a SAT.<br><br>or;<br><br>The trust mutually agrees with the ESFA and DfE to close in either August 2022, or August 2023, as agreed by the ESFA and DfE. | <b>2.8</b> The board of trustees <b>must:</b><br><br>ensure that financial plans are prepared and monitored, satisfying itself that the trust remains a <a href="#">going concern</a> and financially sustainable | 31 <sup>st</sup> January 2022  |
| <b>2</b> | The trust must either continue its operation without the requirement for ongoing additional financial support or close.  | Dependant on the outcome of condition 1, the trust board must work with the department towards either a financially viable future as part of a MAT (and dissolution of the trust), continuing solvently as a SAT, or a closure.  | <b>2.8</b> The board of trustees <b>must:</b><br><br>ensure that financial plans are prepared and monitored, satisfying itself that the trust remains a   | Either 31 <sup>st</sup> August 2022, or 31 <sup>st</sup> August 2023 as agreed with the DfE. |

|          |  |  |  |  |
|----------|--|--|--|--|
|          |  |  | <a href="#">going concern</a> and financially sustainable        |  |
| <b>3</b> | The trust is required to:<br><br>Submit management accounts to the ESFA on a monthly basis.  | - The ESFA receives management accounts for the previous month no later than the 15 <sup>th</sup> of the month.  | No breach identified – this is a standard condition in all NTIs. | Submit management accounts each month until the NTI is lifted.   |
| <b>4</b> | The trust is required to:<br><br>Comply with the funding agreement requirement to submit all audited financial statements to the ESFA on time and without qualification.<br><br>Submit the Budget Forecast Return Outturn (BFRO) by the deadline required by the ESFA.<br><br>The Trust is required to submit the Budget Forecast Return (BFR) by the deadline required by the ESFA.<br><br>Contact the ESFA at an early stage if it believes it is not able to follow is falling behind the schedule set out in their Trust financial plan. | - The ESFA receives audited financial statements by 31 December, each year until the NTI is lifted.<br><br>The ESFA receives BFRO by date required, each year until NTI is lifted.<br><br>The ESFA receives BFR by date required, each year until NTI is lifted.<br><br>Returns show recovery in line with the Trust financial plan. | No breach identified – this is a standard condition in all NTIs. | Submit audited financial statements by 31 December each year until the NTI is lifted.<br><br>Submit BFRO by date required, each year until NTI is lifted.<br><br>Submit BFR by date required, each year until NTI is lifted. |
| <b>5</b> | The Trust requests approval from the ESFA, in advance, for any actions under the revoked freedoms in Part 3 and Annex B of the AFH. These requests should be sent using the <a href="#">esfa-enquiry-form</a> . Retrospective approval will be deemed as a breach of the ATH.  | The Trust must submit a request for approval for any actions relating to the delegated freedom revoked under the terms of the NTI.   | No breach identified – this is a standard condition in all NTIs. | Until the NTI is lifted.   |