



Education  
Funding  
Agency

██████████  
Chair of Governors  
The Business Academy Bexley  
Yarnton Way  
Erith  
Kent  
DA18 4DW

Dear ██████████

## **FINANCIAL NOTICE TO IMPROVE**

I am writing to you in your capacity as the Chair of Governors for The Business Academy Bexley (“the Trust”).

As you are aware, the Education Funding Agency (EFA) has been monitoring the Trust’s progress towards meeting the conditions set out in the “minded to” letter and officials have had extensive discussions on progress. Having considered all of the evidence and representations, I am now writing with a final decision to issue a Financial Notice to Improve to the Trust.

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

The Trust is required, pursuant to the provisions of the Academy Financial Handbook (AFH) and the Funding Agreement (FA), to comply with the terms of this Financial Notice to improve (“the Notice”). These terms are set out in Annex A and B.

Upon receipt of this Financial Notice to Improve (“the Notice”), all of the delegated authorities as identified in the Academies Financial Handbook (AFH) will be revoked, and all transactions by the trust previously covered by these delegations (regardless of size) must come to the Education Funding Agency for approval. These delegated authorities shall be returned to the trust providing that the terms set out in the Notice have been complied with and continue to be complied with, to the satisfaction of the Secretary of State.

We will monitor progress made towards meeting the requirements associated with this Notice. We will lift the Notice when the requirements set out in the annexes have been met. 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 AFH, which all academies must comply with by virtue of the terms of the FA. As a result of this breach of the AFH, and therefore also of the FA, the termination process in

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Westminster  
London SW1P 3BT**

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**Email enquiry form:**

**[www.education.gov.uk/help/contactus](http://www.education.gov.uk/help/contactus)**

**Date: 5 November 2014**

the FA may be triggered. Depending upon the severity of the breach, this may be considered a material breach of the terms of the FA and lead to termination.

In parallel, colleagues will be in touch to organise a visit by an Education Adviser to assess educational capacity and improvement plans at the Trust.

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], and send [REDACTED] your formal response by 26 November 2014.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Sue Baldwin', with a stylized, cursive script.

Sue Baldwin  
Director of Academies

**Cc** [REDACTED]  
[REDACTED]

**The Business Academy Bexley**

**Ref: FNtIBAB051114**

**Conditions**

1. The Education Funding Agency (EFA) has decided to issue a Financial Notice to Improve (the 'Notice') as a consequence of The Business Academy Bexley ("the Trust"):
  - a. Accruing a significant cumulative deficit of circa £656,000 as of 31 August 2013.
  - b. Experiencing significant cash flow difficulties which have required EFA support.
  - c. Failure by the Board of Trustees to provide adequate financial and governance oversight and challenge.
2. The Trust is required to:
  - Revise its recovery plan and undertake the further actions to strengthen governance as set out in Annex B.
  - Comply with the funding agreement requirement to submit all audited financial statements to the EFA on time by 31 December, without qualification.
  - Contact the EFA at an early stage if it believes that performance is falling behind the schedule set out in their action plan and, if necessary, engage external financial and educational support to recover the position.

Please note however:

- The Trust is responsible for its own financial management, control and governance and is expected to take appropriate action to strengthen the control weaknesses identified;
- The Trust should take all appropriate actions to ensure the recovery plan and internal control action plan is fully implemented; and
- The EFA must be satisfied that the Trust is doing everything it can to rectify the weaknesses identified.

**Timescales**

3. The Trust must review and confirm the accuracy of the recovery plan and submit the revised recovery plan to the EFA by 26 November 2014.
4. We will agree further milestones as part of the finalisation of the Trust's recovery plan actions and in line with the recommendations from the external review of governance and leadership.

## **Monitoring and Progress**

5. The Trust is required to meet the specific conditions outlined above to enable the EFA to monitor compliance and progress.
6. The Trust must supply the EFA with monthly financial monitoring information by the 20th working day of each month for one year from the date of this Notice. The frequency of the financial monitoring information will be agreed with the Trust after this.
7. 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 above timescales, the EFA will begin to consider and explore the contractual intervention options available.

## **Compliance and the End of the Notice Period**

8. Compliance with this Notice will be demonstrated when:
  - a. The Trust has met the conditions set out in Annex B.
  - b. The EFA receives financial information clearly demonstrating that no further financial support will be required and that any advances of funding can be repaid in line with agreed terms.
  - c. The EFA receives audited financial statements with an unqualified audit opinion, which confirm that the Trust is performing, at minimum, to the standards agreed in the recovery plan; and
  - d. The EFA receives an auditors management letter which does not raise concerns
9. When the Trust meets the conditions outlined in this annex, the Notice will no longer apply and the EFA will write to the Trust again to confirm that the Notice has been lifted.

**Specific actions required****Recovery plan**

The Trust needs to revise and improve its recovery plan to:

- Significantly further reduce costs and the forecast deficit position; and
- Ensure that funding advances can be fully repaid.

We do recognise that progress has been made in improving the recovery plan – though this needs to go significantly further. We also recognise that the plan will need to deliver a sustainable educational and financial position for the school, ensuring a good educational offer for the pupils of Bexley.

The revised plan should be submitted by 26 November. We recognise this is a short deadline; however we are aware that you are already working on your revised recovery plan and are keen to make quick progress.

**Wider action plan**

The trust also needs to develop a clear action plan to ensure that strong governance and oversight is in place on financial management.

Specifically, this should include:

- conducting an external review of governance – with the scope agreed with the EFA to ensure that the necessary controls and procedures are in place. This review should consider whether the governing body has the right mix of skills and experience to oversee the financial recovery and ensure value for money in the Trust's operations. The findings of that review should be shared with the EFA.
- ensuring that proper arrangements are put in place whereby the governing body is able to independently hold to account the Accounting Officer and other members of the executive management team.
- ensuring all governors are aware of their responsibilities as directors under the Companies Act and as trustees under Charity Commission guidance.
- ensuring strong processes are in place for the Trust to adequately monitor financial performance and the financial risks to its operations.
- the action plan, including the scope for the external review, should also be submitted by 26 November.