



Education
Funding
Agency

**Education Funding Agency
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Westminster
London SW1P 3BT
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Email enquiry form:
www.education.gov.uk/help/contactus**

██████████ ██████████
Chair of Governors
Theale Green Academy Trust
Bradfield
Berkshire
RG7 6AU

Date: 26 November 2014

Dear ██████████ ██████████

Financial Notice to Improve (FNI)

I am writing to you in your capacity as the Chair of Governors for Theale Green Academy, West Berkshire (“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 of 10 November 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 the immediate need for a cash advance.

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 Notice, all of the delegated authorities as identified in the 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 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.

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 15 December 2014.

Yours sincerely,

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

Sue Baldwin
Director, Academies and Maintained Schools

cc:

[REDACTED]
[REDACTED]

Theale Green Academy Trust

Ref: TGTFNtl01

Conditions

1. The Education Funding Agency (EFA) has decided to issue a Financial Notice to Improve (the 'Notice') as a consequence of Theale Green Academy Trust ("the Trust"):
 - a. Accruing a significant forecast cumulative deficit.
 - b. Experiencing significant cash flow difficulties which require an advance of GAG of £40,000 in November.
2. The Trust is required to:
 - Revise its recovery plan 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 submit the revised recovery plan to the EFA by 15 December 2014.
4. We will agree further milestones as part of the finalisation of the Trust's recovery plan actions.

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

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.
8. 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 so that the plan:

- Returns the trust to a surplus position as quickly as possible;
- Repays any advance of funding within 5 years (2019/20), with repayments starting as soon as possible in the period covered by the plan, and
- Demonstrates that every possible economy is being made to reduce the overall amount of deficit.

The revised plan should be submitted by 15 December and should include an updated cash-flow forecast. We recognise that this is a short deadline, but know that you are improving the recovery plan and that you are keen to make quick progress.