



Education
Funding
Agency

**Education Funding Agency
4th Floor Sanctuary Buildings
Great Smith Street
London
SW1P 3BT**

**Tel: 0370 000 2288
Email enquiry form:
www.education.gov.uk/help/contactus**

Date: 29 January 2015

Marino Charalambous
Cuckoo Hall Academies Trust
c/o Cuckoo Hall Academy
Cuckoo Hall Lane
Edmonton
London
N9 8DR

Dear Mr Charalambous

Financial Notice to Improve

I am writing to you in your capacity as Chair of the Board of Trustees for Cuckoo Hall Academies Trust (“the Trust”), further to your receipt of our report into serious allegations related to the Trust.

In that report we outline a material breach of the Academies Financial Handbook (AFH) and consequently of the Master Funding Agreement, alongside serious concerns on governance. This letter and its annexes consequently serve as a written Financial Notice to Improve (“the Notice”) to the Trust to improve its financial management and governance.

The specific breaches are: (i) of A6.6.-6.9 of the Articles of Association in relation to the employment and remuneration of familial relations of Trustees, and also; (ii) of paragraphs 1.5.13, 3.1.11 – 3.1.12, and 3.1.16 – 3.1.19 of the AFH, in relation to the failure to declare, register, and otherwise properly manage conflicts of interest. Breaches of the Independent School Standards are recorded in Martin Post’s letter to you of 29 January 2015.

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 EFA for approval. These delegated authorities shall be returned to the Trust providing that the terms set out in this Notice have been complied with and continue to be complied with, to the satisfaction of the Secretary of State.

The Trust is required, pursuant to the provisions of the AFH, to comply with the terms of this Notice. These terms are set out in Annex A. 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 Funding Agreement. As a result of this breach of the AFH, and therefore also of the Funding Agreement, the termination process in the Supplementary Funding Agreement for Cuckoo Hall may be triggered.

I should be grateful if you would acknowledge receipt of this letter by email and within three days of the date of this letter to [REDACTED]. Please send me your formal response and a complete action plan to meet the requirements associated with this Notice by 19 February 2015.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Sue Baldwin'. The signature is fluid and cursive, with the first name 'Sue' being more prominent and the last name 'Baldwin' following in a similar style.

Sue Baldwin

Director: Academies and Maintained Schools

Cuckoo Hall Academies Trust**Ref: CHAT Limited 2014****Conditions**

1. The Education Funding Agency (EFA) has decided to issue a Financial Notice to Improve (“the ‘Notice’”) as a consequence of the significant weaknesses in financial management and governance highlighted during an EFA investigation. This includes a breach of the Academies Financial Handbook and consequently the Master Funding Agreement.
2. The Trust is required to prepare and implement an action plan to address the underlying weaknesses in financial management and governance and ensure it is compliant with prevailing legislation, including:

Financial management

- The Trust must review its pay and reward policy to ensure it is compliant with the AFH, with particular regard to conflicts of interest;
- The Trust must ensure that the declarations in relation to conflict of interest are accurate and reflect all the relationships within the Trust;
- The Trust must review the policies and procedures on credit card expenditure particularly in terms of securing value for money;

Governance

- The Trust must carry out a full review of its membership, Board of Trustees, other structures and the Trust’s general model of governance in light of the current Department for Education model Articles of Association and Funding Agreements and share the findings of this review and the Trust’s response to it with the EFA;
- The Trust should review the membership of the Board of Trustees and the Local Governing Bodies, and look at appointing new members and directors in discussion with the EFA;
- The Governance Review above must include looking at governance in relation to safeguarding and part of the Trust’s response to the findings should focus on how the governance of safeguarding will be strengthened;
- The Trust must review its conflict of interest procedures to ensure it is compliant with the AFH, with particular regard to recruitment;
- The Trust must send the EFA all agendas for and minutes of Board of Directors meetings until further notice.

Timescales

3. The Trust will need to develop an action plan setting out a full set of actions to address the weaknesses in its financial management and governance arrangements that have led to the issue of this Notice. The final plan must be submitted to [REDACTED] by 19 February 2015.
4. We would expect the final plan to set out clear milestones and monitoring procedures, indicating when all revised systems and processes will be fully operational.

Monitoring and Progress

5. The Trust should supply the EFA with monthly progress reports on the work undertaken and the improvements and outcomes achieved.
6. The EFA will arrange a follow-up visit to the Trust to confirm that the above recommendations have been implemented to the EFA's satisfaction. Please note however that 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;
 - should take all appropriate actions to ensure the agreed action plan is fully implemented; and
 - must contact the EFA at an early stage if it believes that performance is falling behind the schedule set out in the action plan.
7. The EFA must be satisfied that the Trust is rectifying the weaknesses identified. Should it become evident that the Trust is unlikely to fulfil the conditions of this Notice 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 all measures set out in the action plan (if approved by the EFA) have been implemented and the EFA is able to validate, by visiting the Trust to conduct testing as appropriate, that the new arrangements are fully embedded. When the EFA is satisfied that the Trust meets the conditions outlined in this Notice, the Notice will no longer apply. At this point the EFA will write to the Trust again to confirm the Notice has been lifted.