



Education
Funding
Agency

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

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

23 February 2016

Dame D Ross-Warwzynski DBE
Chief Executive
Bright Futures Educational Trust
The Lodge House
Cavendish Road
Bowdon
Altrincham
WA14 2NJ

Dear Dame Dana

Financial notice to improve – Bright Futures Educational Trust

I am writing to you in your capacity as Chief Executive of Bright Futures Educational Trust (the “Trust”) to inform you of my decision to issue a Financial Notice to Improve (“the Notice”).

As you are aware, the Education Funding Agency (EFA) has been monitoring the Trust’s progress towards meeting the conditions set out in Kate Copley’s letter of 20 November 2014. I recognise the cooperation and extensive discussions that have taken place with the Trust and officials and the changes you have already made to strengthen accounting and internal financial controls. However my concerns remain in relation to the weak financial position and financial management at the Trust.

This letter and its annex 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 about financial management and governance oversight 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 Notice. These terms are set out in Annex A. In addition, the Notice will be published in due course on www.gov.uk.

Upon receipt of the 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 the Notice have been complied with and continue to be complied with, to the satisfaction of the Secretary of State.

We will work with you to monitor progress towards meeting the requirements associated with this Notice. We will lift the Notice when the requirements set out in the annexes have been met. If the Trust fails to comply with all the terms of the Notice, the Secretary of State may consider it appropriate to terminate the funding agreement because of such non-compliance.

I would be grateful if you could acknowledge receipt of this letter by email to [REDACTED]
[REDACTED] within three working days of receipt.

I am copying this letter to the Wendy Jenkins, Acting Chair of Governors and to Vicky Beer, Regional Schools Commissioner.

I look forward to hearing from you.

Yours sincerely

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

Sue Baldwin
Director: Academies and Maintained Schools

CC: Mrs Wendy Jenkins (Acting Chair of Governors)
Mrs Vicky Beer (RSC for Lancashire and West Yorkshire)

Bright Futures Educational Trust**Summary**

The EFA has decided to issue this Notice as a consequence of the Trust:

- not achieving a balanced budget which was a condition of the EFA letter of 20 November 2014 issued in November 2014
- being unable to return its 2014/15 financial statements.

Conditions

1. The Trust recently provided financial information for the trust and plans for the future. We require the Trust to prepare a recovery plan which:
 - achieves a sustainable balanced budget by 2017/18 so that no further requests for financial support are made to the EFA
 - repays the advance of funds for The Connell and Wigan UTC to the EFA in 2015/16
 - repays the 2013/14 and 2014/15 Pupil Number Adjustments for The Connell in 2016/17
 - takes account of the repayment of 2015/16 Pupil Number Adjustment for The Connell once the amount has been calculated (August 2016)
 - ensures that unqualified financial statements and management letter for 2015/16 are submitted by 31 December 2016.
2. The Trust is required to strengthen financial management and governance. Specifically this should include providing details of the current Trust governance structure by 4 March 2016 and also conducting an external review, the Terms of Reference of which should be agreed with the EFA, to ensure that the necessary financial management and governance controls and procedures are in place. The terms will include:
 - consideration of 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
 - ensuring that proper arrangements are put in place whereby the governing body is able to hold to account independently the Accounting Officer and other members of the executive management team
 - ensuring that all governors are aware of their responsibilities as directors under the Companies Act and as trustees under Charity Commission guidance
 - ensuring that strong processes are in place for the Trust to monitor adequately financial performance and the financial risks to its operations.
3. This review should be completed by 31 May 2016 and the findings of the review should be shared with the EFA, together with an action plan for implementation of the review's recommendations by 30 June 2016.
4. 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

- the Trust must satisfy the EFA that it is doing everything it can to rectify the weaknesses identified.

Timescales

5. The Trust must submit the 2014/15 financial statements by 31 March 2016.
6. 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 governance review.

Monitoring and progress

7. We will expect the Trust to supply monthly financial monitoring information on the 10th of each month commencing in March for an initial period of six months for The Connell and Wigan UTC. The frequency of the reports thereafter will be determined by the EFA, based on progress against the recovery plan.
8. All information should be emailed to [REDACTED].
9. The EFA reserves the right to amend and add further specific conditions should they be required. 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, the EFA will begin to consider and explore the contractual intervention options available.

Compliance and the End of the Notice Period

10. Compliance with this Notice will be demonstrated when the EFA receives:
 - audited financial statements with an unqualified audit opinion, which confirm that the Trust is performing, at a minimum, to the standards agreed in the recovery plan
 - an auditor's management letter which does not raise concerns
 - 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.
11. 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.