



Education
Funding
Agency

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

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

16 December 2016

Mr Martyn Worrall
Chair
Building Futures Enterprise Academy
Trust
c/o Yanwath Primary School
Yanwath
Penrith
C10 2LA

Dear Mr Worrall

Financial notice to improve: Building Futures Enterprise Academy Trust

I am writing to you in your capacity as Chair of Building Futures Enterprise Academy Trust ('the Trust') as a result of the Trust's failure to demonstrate appropriate levels of financial management and governance.

Further to Kate Copley's letter to you dated 12 October 2016, the Education Funding Agency (EFA) has been considering the Trust's progress towards meeting the requirements of the Academies Financial Handbook (AFH). I remain concerned about the lack of effective financial management and governance and appropriate internal controls within the Trust.

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

The Trust is required, pursuant to the provisions of the AFH and the Trust's Funding Agreement (FA), to comply with the terms of this Financial Notice to Improve ("the Notice"). These terms are set out in Annex A. In addition, the Notice will be published in due course [here](#).

Upon receipt of this Notice, all of the delegated authorities 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 monitor progress made towards meeting the requirements associated with this Notice. We will lift the Notice when the requirements set out in the annex 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. As a result of this breach of the AFH, and therefore also of the FA, the termination process in the FA may be triggered.

I would be grateful if you would acknowledge receipt of this letter and provide a formal response recognising the requirements associated with this Notice within three working days of the date of this letter. This should be sent by e-mail to [REDACTED].

I look forward to hearing from you.

Yours sincerely

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

Mike Pettifer
Director Academies and Maintained Schools Group

Copy to: Jan Renou, Regional Schools Commissioner for the North.

Financial notice to improve

1. The Education Funding Agency (EFA) has decided to issue a Financial Notice to Improve (the 'Notice') as a consequence of:
 - the Trust's failure to discharge and manage its governance composition in a way that commands broad public support (AFH 1.5.11)
 - the Trust's failure to demonstrate adequate financial control and appropriate oversight of financial transactions (AFH 2.1.8)
 - the Trust's failure to have a system in place to demonstrate effective budget setting and monitoring of timely monthly management accounts (AFH 2.2.2-4)
 - the Trust's failure to demonstrate appropriate financial management and governance oversight and control (AFH 2.3.2,3)
 - the Trust's inability to provide assurance on its current and future financial position (AFH 2.3.3)

Conditions

2. The Trust is required to:
 - complete and implement a financial management and governance action plan, as agreed with the EFA, by 16 January, to move to a position where the Trust is operating within the requirements of the AFH
 - reconstitute the Trust board such that it is fully compliant with, and operates within the parameters of, the AFH
 - ensure that it is compliant with all requirements to submit financial returns to the EFA including the Budget Forecast Return and audited financial statement of accounts by the prescribed deadline and without qualification
 - submit monthly management accounts that accurately show the current and forecast financial position, including a rolling 12-month cash flow forecast which demonstrate that no requests for financial support will be made to the EFA by the Trust
 - submit minutes of each meeting of the Trust and each of its sub committees until notified otherwise by the EFA
 - submit a detailed plan about the exact future of the trust by 16 January 2017
3. The Trust is required to provide assurance that the Accounting Officer, Chair of Governors and Chief Financial Officer have the qualifications, skills and abilities to carry out their roles effectively. As a minimum we would expect:
 - the Trust to compile a corporate scheme of delegation, setting out the clear role, responsibilities and duties of the Accounting Officer and providing assurance that the individual is a fit and suitable person for the role
 - the Trust to provide assurance that an appropriately qualified or experienced Chief Financial Officer is in place and adequate systems are in place to monitor the Trust's financial position

4. The Trust should contact the EFA at an early stage if it believes that financial performance is falling behind the budget. In particular, the Trust must contact the EFA immediately if inadequate cash flow is threatening operating solvency.
5. The Trust must request approval from the EFA for any actions under the revoked freedoms in Part 3 and Annex B of the AFH. These requests should be sent to EFA using the [efa-enquiry-form](#).

Financial management requirements

6. The Trust is responsible for its own financial management, control and governance and is expected to take appropriate action to strengthen the weaknesses identified.
7. The EFA must be satisfied that the Trust is doing everything it can to rectify the weaknesses identified.

Timescales

8. The Trust must provide a copy of the corporate scheme of delegation by 16 January 2016.
9. The Trust has been asked to provide an updated action plan which meets the requirements set out above by 16 January 2017.
10. The Trust must supply monthly management reports as set out below for the first 6 months of the Notice. The frequency of the progress reports thereafter will be determined by the EFA, based on the Trust's position and progress against its financial plan.
11. The Trust must submit its annual Budget Forecast Return and audited accounts to the EFA by the stipulated deadlines.

Monitoring and progress

12. The Trust is required to meet the specific conditions outlined above to enable the EFA to monitor compliance and progress.
13. We expect the Trust's monthly management reports to be submitted by the 10th of each month, and set out:
 - the budget for the current academic year to date and full year
 - actual results for the current academic year to date and full year
 - a narrative explaining any significant variances for the year to date and full year
 - a balance sheet showing the position at the end of the last calendar month and forecast to the end of the academic year
 - a detailed monthly cash flow forecast rolling forward 12 months ahead

This information should be emailed to [REDACTED].

14. The EFA reserves the right to amend and add further specific conditions to this Notice should they be required.

15. 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

16. Compliance with this Notice will be demonstrated when:

- the Trust has actioned all recommendations set out in the EFA report issued to the Trust on 2 November to the satisfaction of the EFA
- the Trust's performance against its action plan satisfies the EFA that the Trust can demonstrate full compliance with the AFH and that no financial support will be required
- all returns due to the EFA are submitted on time, without qualification or commentary that raises concerns, up until and including the 2017/18 audited financial statements

17. When the Trust meets the conditions outlined in this Notice, the Notice will no longer apply and the EFA will write to the Trust again to confirm that the Notice has been lifted.