



Education & Skills  
Funding Agency

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

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

7 June 2019

Barrington Gooden, Chair of Trustees  
Paxton Academy Ltd  
Paxton Academy Sports & Science  
159 Brigstock Road  
Thornton Heath  
Croydon  
CR7 7JP

Company Number 7626303

Dear Barrington,

### **Financial notice to improve: Paxton Academy Ltd**

I am writing to you in your capacity as the Chair of Paxton Academy Ltd (“the Trust”).

As you know, the Education and Skills Funding Agency (ESFA) has been monitoring the Trust’s progress towards meeting the conditions set out in our letters of 25 March 2019 and 8 April 2019. I recognise the cooperation and extensive discussions that have taken place between the Trust and Wandle Learning Trust. However, as the transfer of Paxton Academy to Wandle has not taken place on 1 June, as agreed, and I consider the delays might reasonably have been avoided by the Trust, I remain concerned 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 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**.

Upon receipt of this Notice, all of the delegated authorities as identified in the AFH (sections 3.6-3.10) will be revoked, and all transactions by the trust previously covered by these delegations (regardless of size) must come to the ESFA 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. Failure to meet the requirements of this Notice, to the satisfaction of the Secretary of State, constitutes a breach of the AFH and therefore the FA. This may result in the termination of the funding agreement.

We have set out the actions that we would expect to be taken forward pending the transfer to Wandle Learning Trust. We do expect the trust to continue working with Wandle Learning Trust to facilitate the smooth transfer of the academy by 1 July 2019. If this is achieved we would expect to consider steps to lift the FNTI to align with the trust's subsequent wind up.

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] [REDACTED] at [REDACTED].[REDACTED]@[REDACTED].

I am copying this letter to Jonathan Duff, Acting Director, the Regional Schools Commissioner (RSC) for South East England and South London.

I look forward to hearing from you.

Yours sincerely



Mike Pettifer

Director: Academies and Maintained Schools Directorate

CC: Johnette Barrett, Accounting Officer, Paxton Academy Ltd  
Jonathan Duff, Acting Director, Regional Schools Commissioner's Office for South East England and South London.

## Financial Notice to Improve

1. The Education and Skills Funding Agency (ESFA) has decided to issue a Financial Notice to Improve (the 'Notice') as a consequence of Paxton Academy Ltd ('the Trust'):
  - Failing to set a balanced budget as required in the Academies Financial Handbook (AFH) paragraph 2.3.1
  - Failing to notify the ESFA within 14 days of the board meeting that the trust was proposing to set a deficit revenue budget for the current financial year as required in the Academies Financial Handbook (AFH) paragraph 2.3.4.
  - Failing to submit a 3-year budget forecast return by 30 July 2018 as required in the Academies Financial Handbook (AFH) paragraph 2.3.2, or to remedy this breach.

## Conditions

The Trust must:

2. Commission and implement the recommendations of an independent review of its financial systems and processes to ensure that future financial returns to the ESFA are submitted accurately and on time. The independent reviewer and terms of reference of the review and the outcome must be shared with the ESFA. The report findings must be shared with the ESFA by the end of October 2019.
3. Prepare an action plan in response to the recommendations from the review of financial systems and processes, and this must be agreed with the ESFA by the end of November 2019. This plan must demonstrate the timings when all the recommendations will be implemented.
4. Submit the Budget Forecast Return (BFR) by the deadline required by the ESFA.
5. Submit 2018/19 accounts by the deadline required by the ESFA.
6. Increase the regularity of all board and sub-committee meetings to twice a term, all minutes and notes to be shared with the ESFA at the earliest opportunity after each meeting throughout the 2018/19 and 2019/20 academic year.
7. Provide the ESFA with full minutes and notes of all board meetings held during 2018/19 by end of June 2019.
8. Commission and implement the recommendations of a fully independent review of current governance arrangements in June 2019. The independent reviewer and terms of reference must be agreed with the ESFA to include separation of responsibilities between members and trustees, and the report findings must be shared with the ESFA by the end of October 2019.
9. Prepare an action plan in response to the recommendations from the review of governance, and this must be agreed with the ESFA by the end of November 2019.

This plan must demonstrate the timings when all the recommendations will be implemented.

10. Arrange and implement the recommendations of an independent review of financial management and internal controls to be undertaken in June/July 2019. The independent reviewer and terms of reference and party undertaking the review must be agreed with the ESFA, and the report findings must be shared with the ESFA by the end of September 2019.
11. Prepare an action plan in response to recommendations from the review of financial management and internal controls, and this must be agreed with the ESFA by the end of October 2019. This plan must demonstrate the timings when all the recommendations will be implemented.
12. Complete the actions detailed in the School Resource Management Adviser (SRMA) Report dated 18 July 2018.
13. Engage with a further SRMA, to visit the trust and review implementation of Integrated Curriculum Financial Planning (ICFP) in September 2019.
14. Prepare an action plan to implement the recommendations from the SRMA, and this must be agreed with the ESFA by the end of December 2019. This plan must demonstrate the timings when all the recommendations will be implemented.
15. Immediately strengthen the trust board and consider the introduction of a minimum of four RSC recommended academy trustees to support the current trust – new trustees should begin to be introduced no later than 1 September 2019 with all in place by 31 December 2019.
16. Adhere to the agreed repayment programme for the 2017/18 PNA deferral.
17. Continue working with Wandle Learning Trust to facilitate the smooth transfer of the academy by 1 July 2019, and with the ESFA for the trust's subsequent wind-up. If this is achieved we would expect to consider steps to lift this FNTI.

### **Financial management requirements**

18. The Trust is responsible for its own financial management, control and governance and is expected to take appropriate action to strengthen the weaknesses identified.
19. The Trust should take all appropriate actions to ensure an action plan is fully implemented.
20. The ESFA must be satisfied that the Trust is doing everything it can to rectify the weaknesses identified.

### **Timescales**

21. The Trust must adhere to deadlines associated with conditions, monitoring and progress actions and compliance set out in this notice.

## **Monitoring and progress**

22. The Trust must provide the ESFA with monthly management accounts and cash flow reports on the 12th of each month, commencing in July 2019, initially for the first twelve months of the Notice. The frequency of the reports thereafter will be determined by the ESFA, based on progress against the conditions listed above.
23. The Trust is required to submit an action plan by 17 June 2019 to meet the specific conditions outlined above and to enable the ESFA to monitor compliance and progress.
24. The trust is required to send internal audit reports, within 2 weeks of receipt.
25. The Trust is required to meet the specific conditions outlined above to enable the ESFA to monitor compliance and progress.
26. 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 ESFA will consider and explore the contractual intervention options available which may include termination of the FA.

## **Compliance and the end of the notice period**

27. Compliance with this Notice will be demonstrated when all of the conditions set out in this annex have been met:
  - The independent review of financial systems has been completed and all recommended actions have been taken.
  - The ESFA receives minutes of all board and committee meetings to demonstrate evidence of robust challenge to hold the CEO and accounting officer to account for the management of the budget/finances and general operation of the trust.
  - The independent governance review has been completed and all recommended actions have been taken.
  - The independent review of financial management and internal controls has been completed and all recommended actions have been taken.
  - The SRMA review of ICFP has been completed and all recommended actions have been taken from this review and the review in July 2018.
  - The Trust board has been stabilised with the appointment of at least four additional RSC recommended academy trustees.
  - The Trust has transferred to a Multi Academy Trust.
  - The Trust requests approval from the ESFA for any actions under the revoked freedoms in Part 3 and Annex B of the AFH. These requests should be sent us using the [ESFA-enquiry-form](#)
  - The ESFA receives the Budget Forecast Return, by 31 July 2019.
  - The ESFA receives audited financial statements with an unqualified audit opinion 31 December 2019.

- The ESFA receives the auditors' management letter, which does not raise concerns by 31 December 2019.
- Complying with the monitoring requirements set out in paragraphs 22-26 of this annex.

28. When the Trust meets the conditions outlined in this annex, the ESFA will write to the Trust to confirm that the Notice has been lifted.