



Education & Skills
Funding Agency

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

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

29 September 2019

Ms J Bennett
The Rodillian Multi Academy Trust
The Rodillian Academy
Longthorpe Lane
Lofthouse
Wakefield
WF3 3PS

Company Number: 07990619

Dear Ms Bennett

Financial Notice to Improve: The Rodillian Multi Academy Trust

I am writing to you in your capacity as the Chair of The Rodillian Multi Academy Trust (“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 the financial notice to improve issued on 20 February 2018. My concerns remain in relation to the weak financial governance and management of the trust. This letter and its annex serve as an updated written notice to improve financial management, control and governance at the trust.

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. 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. 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] [REDACTED].

I am copying this letter to Andy Goulty, the Accounting Officer of the Trust, the members of the trust, and Vicky Beer, the Regional Schools Commissioner (RSC) for Lancashire and West Yorkshire.

Yours sincerely

A handwritten signature in black ink, appearing to read 'M. Pettifer', written over a light grey rectangular background.

Mike Pettifer
Director, Academies and Maintained Schools Directorate

CC. Andy Goulty, Accounting Officer,
Alec Hudson, Member,
Margaret Foster, Member,
Alan Winn, Member,
Mark Wade, Member
Vicky Beer CBE, RSC

Financial notice to improve

1. The Education and Skills Funding Agency (ESFA) has decided to issue a financial notice to improve (the 'Notice') to The Rodillian Multi Academy Trust ('the trust') due to continued concerns about financial management and governance of the trust.
2. This Notice replaces the Notice that was issued on 20 February 2018 due to breaches under s1.5.13, s1.5.22, s2.2.4, s2.3.3, s3.1.3, s3.3.1, s3.4.1, s3.7.15 and s4.8.2 of the Academies Financial Handbook 2018. This updated Notice includes a number of additional conditions in light of the continued concerns about the financial management and governance of the trust.

Conditions

3. The trust is required to strengthen governance by making new governance appointments, which are to be agreed by the ESFA.
4. The trust is required to increase the board to a minimum of 9 trustees with specialist expertise: 2 additional finance trustees, 1 risk and audit trustee, 1 human resource specialist and 1 educational specialist. The trust should ensure there is sufficient independence to offer robust challenge and hold the Accounting Officer to account for the management of the budget/finances.
5. The trust should ensure that there is significant separation between members and trustees.
6. The trust is required to then ensure and demonstrate a robust internal audit programme is in place.
7. The trust is required to undertake an integrated curriculum financial planning (ICFP) and financial processes review, with an ICFP expert provided by the ESFA
8. The trust must demonstrate that all possible economies are being made to achieve a balanced budget – this must consider the trust-wide senior management team structure, service providers and staffing costs, including terms and conditions that are not justified given the size and financial status of the trust, across the four academies.
9. The trust is required to implement and then evidence the recommendations made in the July 2019 governance review.
10. The trust should produce and adhere to a revised and accurate 5 year recovery plan, demonstrating how the trust will return to a cumulative surplus budget position by 31 August 2020.
11. The trust must submit monthly management accounts by the 25th of each month.

12. The trust is required to:

- Comply with the funding agreement requirement to submit all audited financial statements to the ESFA on time and without qualification.
- Submit the budget forecast return outturn (BFRO) by the deadline required by the ESFA.
- The trust is required to submit the budget forecast return (BFR) by the deadline required by the ESFA.
- Contact the ESFA at an early stage if it believes it is falling behind the schedule set out in their trust financial plan.
- Deal with all matters of concern raised in the trust's management letter.

13. The trust requests approval from the ESFA, in advance, for any actions under the revoked freedoms in Part 3 and Annex B of the Academies Financial Handbook. These requests should be sent using the [esfa-enquiry-form](#). Retrospective approval will be deemed as a breach of the Academies Financial Handbook.

14. Ensure that all necessary trustee contact details are up to date.

Financial management requirements

15. The trust is responsible for its own financial management, control and governance and is expected to take appropriate action to strengthen the weaknesses identified.

16. The trust should take all appropriate actions to ensure an action plan is fully implemented.

17. The ESFA must be satisfied that the trust is doing everything it can to rectify the weaknesses identified.

Timescales

18. The actions at points 3, 4, 5, 6, and 7 above should be completed by 31 October 2019.

19. The monthly management accounts should be submitted by the 25th of each month until the FNtl is lifted.

20. The BFR return is due to the ESFA by 31 July 2020. The 2018/19 audited accounts are due to the ESFA by 31 December 2019.

21. The trust should provide a response to the ESFA regarding proposed actions to address any recommendations raised in the trust's management letter by 31 January 2020.

22. The trust must request approval from the ESFA, in advance, for any actions under the revoked freedoms in Part 3 and Annex B of the AFH until the FNtl is lifted.

23. The trust must ensure that all necessary trustee contacts are up to date within 4 weeks of the issue of this revised FNtl.

Monitoring and progress

24. The trust is required to meet the specific conditions outlined above to enable the ESFA to monitor compliance and progress.
25. 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 begin to consider and explore the contractual intervention options available.

Compliance and the end of the notice period

26. Compliance with this Notice will be demonstrated when:

- The trust has identified suitable governance appointments and submitted requests for approval of the appointments to the DFE.
- The trust has increased the number of trustees to a minimum of 9 with specialist expertise: 2 additional finance trustees, 1 risk and audit trustee, 1 human resource specialist and 1 educational specialist. The finance, risk and audit trustees and the human resource specialist have been recruited from Academy Ambassadors and all newly appointed trustees should have no previous connections to the trust.
- The trust has a minimum of 5 members, the majority of whom are independent of the trustees. Where new members are appointed, they should have no previous connection to the trust.
- The trust has undertaken a full integrated curriculum financial planning review and a financial processes review. The trust must report to the ESFA any savings which will be achieved following this review and provide evidence of the implementation of this review.
- Following this review, the trust should demonstrate to the ESFA that strong processes are in place to adequately monitor financial performance and the financial risks to its operations.
- The trust must send the latest documentation on its internal audit programme to the ESFA.
- The trust must provide firm dates of when the next internal audit will be carried out and an ongoing commitment to send the findings to ESFA within 1 week of its submission to the board, until the FNTI is lifted.
- The trust has a further SRMA visit and report to the ESFA any savings which will be achieved following this visit and provide evidence of the implementation of the SRMA recommendations.
- Following the SRMA visit, the trust produce a revised recovery plan and submit this to the ESFA within 4 weeks.
- The trust demonstrates that it has made use of available School Efficiency and Financial Health tools and National Deals.
- The trust must reduce leadership costs as part of their financial planning over the next 3 years.

- The trust produce an action plan detailing how each recommendation made in the July 2019 governance review will be implemented and an anticipated timescale for these.
- The trust should share the outcome of any external reviews undertaken with the ESFA and RSC.
- The trust should consider obtaining external clerking support and mentoring from the Confederation of Schools Trust.
- The trust make the ESFA aware of any threats to its recovery at the earliest opportunity
- The trust submit monthly management accounts showing income and expenditure and providing the following information
 - The budget for the current academic year to date
 - Actual results for the current academic year to date
 - A narrative explaining any significant variances for the year to date
 - The budget for the current full academic year as stated in the recovery plan
 - The latest forecast for the current full academic year
 - A narrative explaining any significant variances for the current full academic year.
- 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 2020, and each year until the FNtl is lifted.
- The ESFA receives audited financial statements with an unqualified audit opinion by 31 December 2019, and each year until the FNtl is lifted.
- The ESFA receives the auditors' management letter which does not raise concerns by 31 December 2019. If concerns are raised, the trust should provide a response to ESFA regarding how it intends to address these concerns by 31 January 2020. This applies each year until the FNtl is lifted.
- All necessary trustee contact details are up to date and all specified fields are completed in Get Information About Schools for each individual.

27. 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.