



Education & Skills
Funding Agency

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

Tel: 0370 000 2288

www.education.gov.uk/efa-enquiry-form

01/11/2019

Graeme Cock
South Dartmoor Academy Trust
South Dartmoor Community College
Balland Lane
Ashburton
TQ13 7EW

Company Number: 07561204

Dear Mr Cock

Financial Notice to Improve

On 12 June 2019, I wrote to you in your capacity as the Chair of Trustees at South Dartmoor Academy Trust to serve notice that South Dartmoor Academy Trust (‘the trust’) was required to improve the financial management at the trust.

This was as a consequence of:

- Weak financial controls which led to it being unable to achieve a cumulative surplus position for 2017/18 as required in the Academies Financial Handbook (AFH) paragraph 2.3.1; and the
- Poor financial position of the trust, which meant that it required repayable cash flow support to enable it to set a balanced budget for 2018/19 and 2019/20.

The Financial Notice to Improve (FNti) set out the actions that were needed to be taken by the trust to make sure necessary improvements were made.

We have closely monitored the trust’s progress against the conditions set out in the notice, which were as follows:

1. The trust submits to the ESFA an updated recovery plan by 31 July 2019 and a robust plan with timescales setting out the actions that the trust will take in order to set a balanced budget by 31 August 2022 or before. The recovery plan will need to show how the cash flow support from the ESFA will be used to support a restructure programme that puts the trust back on a sustainable footing. The recovery plan should include actions with timescales to implement recommendations for efficiency savings made by the Schools Resource Management Adviser.
2. The trust repays all recoverable funds granted by ESFA starting on 1st December 2019 and by 31 August 2021, or an alternative timescale agreed with the ESFA.

3. The trust attends monthly monitoring meetings with the ESFA to review progress against the recovery plan and action taken following the Schools Resource Management Adviser's recommendations, until the ESFA confirms in writing that these monitoring meetings are no longer needed.
4. The trust provides the ESFA with monthly management accounts which should include cash flow reports, balance sheets, finance movements and creditors, starting on the 29 June 2019 (for May) until ESFA confirms in writing that these are no longer needed.
5. The trust must ensure that pay for non-teaching staff earning £60k+ does not increase beyond existing contractual entitlements without prior approval of the ESFA until the Financial Notice to Improve is lifted.
6. The trust uses benchmarking comparisons to confirm to the ESFA in writing by 31 July 2019 that the leadership costs post-restructure are in line with benchmarks for a MAT of the size of South Dartmoor
7. The trust commissions an external review of governance with recommendations on skills gaps and the composition of the board. This only needs to be completed if the trust board is likely to continue beyond January 2020.
8. The trust board completes a skills audit to be shared with the ESFA by 31 July 2019.
9. The trust considers strengthening its board by recruiting additional trustees. We recommend using Academy Ambassadors to help find suitable skilled and experienced trustees.
10. The trust supplies the date of the next internal audit by 5 July and submits the audit report to ESFA within one week of receiving it.

I outlined that compliance and the end of the notice period will be demonstrated when:

11. The ESFA receives an accurate, realistic and revised recovery plan by 31 July 2019.
12. The trust provides a review of leadership costs by 31 July 2019, clearly identifying the need for each leadership role.
13. The trust repays all recoverable funds granted by the ESFA by 31 August 2021.
14. 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 using the ESFA-enquiry-form.
15. The trust submits the required financial returns on time to include the Budget Forecast Return, by 31 July 2019.
16. The ESFA receives the audited financial statements with an unqualified audit opinion 31 December 2019.

I am pleased to inform you that I am satisfied with the progress made on the FNtl conditions being met and am satisfied that the final condition to submit the audited financial statements with an unqualified audit opinion 31 December 2019 will be met. As a result, the FNtl will be lifted with effect from the date of this letter.

This letter will be published on the gov.uk website. I am copying this letter to Angela Barry, Accounting Officer of the trust and Hannah Woodhouse, Regional Schools Commissioner for the South West.

It is important that the trust continues to exercise strong financial oversight of the trust while the transfers take place and submits the audited financial statements with an unqualified audit opinion by 31 December 2019.

Yours sincerely

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

Mike Pettifer
Director, Academies and Maintained Schools Directorate