



Education & Skills  
Funding Agency

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

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

12 February 2020

The Interim Chair - Ms Shaminder Kaur  
Rayatt  
The Khalsa Academies Trust Limited  
Hollybush Hill  
Stoke Poges  
Slough  
SL2 4QB

Company Number: 07549443

Dear Ms Rayatt

### **Financial Notice to Improve: The Khalsa Academies Trust Limited**

I am writing to you in your capacity as the interim Chair of the Khalsa Academy Trust Limited ("the Trust").

As you know, the Education and Skills Funding Agency (ESFA) has been communicating with the Trust about concerns regarding governance, leadership, financial management, and safeguarding matters.

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

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 5.6-5.30) 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.

The ESFA reserves the right to reissue and add further specific conditions to the FNTI 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 above timescales, the ESFA will begin to consider and explore the contractual intervention options available. 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 Kate Dethridge, the Regional Schools Commissioner (RSC) for North West London and South Central (NWLSC) and to the members of the Trust.

I look forward to hearing from you.

Yours sincerely

A handwritten signature in black ink, appearing to read 'M. Pettifer', written over a light blue horizontal line.

**Mike Pettifer**

**Director, Academies and Maintained Schools Directorate**

CC. Nick Kandola Singh, Accounting Officer

Kate Dethridge - RSC, North West London and South Central

Ian Anderson, Prof Iqbal Singh, Tarlochan Singh Rai, and Moni Pangali (members of the Trust)

### **Financial notice to improve**

The Education and Skills Funding Agency (ESFA) has decided to issue a Financial Notice to Improve (the 'Notice') to The Khalsa Academies Trust Limited (the Trust) as a result of the Trust's failure in the following areas of the Academies Financial Handbook (AFH) requirements:

- Members failing to ensure that the Board had effective oversight of the Trust and had developed effective plans to address the issues, as required in the AFH 1.6 -1.7
- Members failing to ensure that the board was comprised of trustees with the skills necessary for effective governance, as required in the AFH 1.6-1.7.
- Trustees have failed to ensure that there is robust and effective governance as set out in the Governance Handbook, as required in the AFH 1.11.
- The previous Chair of the Board, failed to ensure the effective functioning of the board and for setting professional standards of governance and accountability for the board as required in the AFH 1.14.
- The board have failed to identify the skills and experience needed by the board to address gaps through recruitment, training and other development activities as required in the AFH 1.19.
- Trustees and managers have failed to maintain robust oversight of the finances of the academy trust, as required in the AFH 2.1.
- The board failed to act quickly to ensure that the trust had adequate financial skills in place following concerns around the financial performance of the trust as required in the AFH 2.23.
- The trust failed to notify the ESFA of changes to the governance information described in sections 2.51-2.56 of the AFH, within 14 calendar days of the change as required in the AFH 2.51-2.56.

### **Conditions**

1. The trust is required to develop and implement an action plan which responds to all of the issues identified by the Notice. The trust is required to:
2. Commission an independent review of its financial management and governance arrangements to identify any gaps and recommendations for improvement. The terms of reference of the review and the outcome must be shared with the ESFA. The scope of the review should include but not be limited to:
  - a) Trust governance arrangements (as a minimum, an assessment of the oversight exercised by the Trust board, a skills audit of the current members and trustees)
  - b) Trust procedures and policies
  - c) Trust operations
  - d) Personnel records

- e) Contracts and contract management (including the scope for further efficiency savings, including using economies of scale to reduce staff costs).
3. The review should consider the above areas in view of the regulatory framework governing academies and provide assurance on the level of compliance with those requirements. In particular, the trust's Articles of Association, the Funding Agreement, the Academies Financial Handbook and the Companies Act 2006.
4. The Trust must prepare and implement an action plan to address any underlying weaknesses identified by the independent review. This plan should set out how the Trust will address any gaps in the existing skills mix of members and/or trustees to ensure that the Trust is compliant with the AFH.
5. Ensure that proper arrangements are in place, whereby the Trust board has the appropriate skill set and processes in place to challenge and hold to account the Accounting Officer, Finance Officer and other members of the executive management team and evidence this. This will include, but will not be limited to, appointing any additional Academy Ambassadors to the trustees' board as agreed with the ESFA to address the recommendations from the governance review.
6. Ensure there are clear lines of accountability between the Accounting Officer of the trust and the Trustees, including effective oversight and support for financial management.
7. Provide the ESFA with notices of all board meetings, including extra-ordinary meetings; and supply the agenda and draft minutes (in particular all information relevant to the trust's financial or governance position) to the ESFA as soon as they are available.
8. Work closely with representatives nominated by the Regional Schools Commissioner, utilising their skills and experience effectively to drive governance and financial improvements.
9. Ensure that all necessary Trustee contact details are up to date.
10. Request approval from the ESFA, in advance, 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. Retrospective approval will be deemed as a breach of the AFH.
11. Ensure that the Audit & Finance committee meets at least 6 times per year
12. Ensure that all Financial returns are submitted to the ESFA on time.
13. Ensure that the details of the trusts annual internal audit programme are sent to the ESFA and that any recommendations submitted to the board are sent to ESFA within one week of submission to the board.
14. Ensure that all necessary information is published on the Trusts website, as per the requirements of the Academies Financial Handbook.

## 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 trust must meet the timescales as set out below.

Item	Due by
Action plan to address issues identified in the Notice.	4 weeks from the date of the Notice
Commission independent review.	6 weeks from the date of the Notice
Develop action plan following the independent review.	By 30 April 2020
Ensure the appropriate skills set on the Trust board and appoint any additional trustees.	By 31 August 2020
Ensure clear lines of accountability.	4 weeks from the date of the Notice
Provide notices of meetings and subsequent minutes.	Throughout the duration of the Notice – no later than 48hrs before the meetings. Draft minutes should be supplied within 10 working days after the meeting.
Ensure that all necessary Trustee contact details are up to date.	Throughout the duration of the Notice
Work closely with the RSC.	Throughout the duration of the Notice
Ensure the Trusts requests approval for actions under revoked freedoms.	Throughout the duration of the Notice
Audit & Finance committee meeting at least six occasions per academic year.	Throughout the duration of the Notice
All financial returns to be submitted to the ESFA on time.	Throughout the duration of the Notice.

Trust to send details of the trust's annual internal audit programme.	Throughout the duration of the Notice.
Trust to ensure that all necessary information is published on its website, as per the AFH.	Throughout the duration of the Notice.

### **Monitoring and progress**

19. The trust is required to meet the specific conditions outlined above to enable the ESFA to monitor compliance and progress. The trust should contact the ESFA at an early stage if it believes that performance is falling behind the schedule set out in the conditions.

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

20. Compliance with this Notice will be demonstrated when:

- The Conditions set out above and below have all been met and we are satisfied that the underlying weaknesses in governance and management have been addressed
- the ESFA is satisfied the Trust has a strong governance structure in place, with evidence of financial oversight and challenge
- the Trust has published necessary information on the website, as per the AFH
- the trust requests approval from the ESFA for any actions under the revoked freedoms in Part 3 and Annex B of the AFH

21. When the trust meets the conditions outlined in this Annex, the Notice will no longer apply and the ESFA will write to the trust to confirm that the Notice has been lifted.

**Table of conditions**

The table below summarises the conditions that have been placed upon The Khalsa Academies Trust Limited (“the Trust”). It sets out the evidence the Trust must provide, and the timescales the Trust must meet, to show that they have complied with the Financial Notice to Improve (“the Notice”). All conditions set out in the table must be met before the Notice can be lifted.

<b>Condition</b>	<b>Evidence required to show compliance with the notice</b>	<b>Timescale</b>
<p>1. The Trust is required to develop and implement an action plan, which responds to all of the issues identified by the Notice.</p>	<p>The trust provides a written action plan and agrees implementation timescales with ESFA.</p>	<p>4 weeks from the date of the Notice</p>
<p>2. Commission an independent review of its financial management and governance arrangements to identify any gaps and recommendations for improvement. The terms of reference of the review and the outcome must be shared with the ESFA. The scope of the review should include but not be limited to:</p> <ul style="list-style-type: none"> <li>a. Trust governance arrangements; (as a minimum, an assessment of the oversight exercised by the Trust board, a skills audit of the current members and trustees)</li> <li>b. Trust procedures and policies;</li> <li>c. Trust operations;</li> <li>d. Personnel records;</li> <li>e. Contracts and contract management (including</li> </ul>	<p>The Trust provides the terms of reference and outcome report from the independent review of its financial management and governance arrangements. The Trust must provide evidence of having reviewed and actioned any recommendations from the external review.</p> <p>If the review identifies any gaps in skills and experience at board level, the Trust must provide evidence of approaching Academy Ambassadors to help fill any gaps, which may be identified.</p>	<p>Commission independent review - 6 weeks from the date of the Notice</p> <p>Develop action plan following the independent review - by 30 April 2020</p>

<p>the scope for further efficiency savings, including using economies of scale to reduce staff costs.</p> <p>The review should consider the above areas in view of the regulatory framework governing academies and provide assurance on the level of compliance with those requirements. In particular, the trust's Articles of Association, the Funding Agreement, the Academies Financial Handbook and the Companies Act 2006.</p> <p>The Trust must prepare and implement an action plan to address any underlying weaknesses identified by the independent review. This plan should set out how the Trust will address any gaps in the existing skills mix of members and/or trustees to ensure that the Trust is compliant with the AFH.</p>	<p>The findings of the external review of financial management and governance, together with an action plan to implement the recommendations, should be submitted to the ESFA by 30 April.</p>	
<p>3. Ensure that proper arrangements are in place, whereby the Trust board has the appropriate skill set and processes in place to challenge and hold to account the Accounting Officer, Finance Officer and other members of the executive management team and evidence this. This will include, but will not be limited to, appointing any additional Academy Ambassadors to the trustees' board as agreed with the ESFA to address the recommendations from the governance review.</p>	<p>The Trust board are providing the right balance of challenge and have the skills necessary to carry out their duties effectively. Evidenced in board minutes and additional trustee appointments.</p>	<p>Additional trustees appointed by 31 August 2020</p>
<p>4. Ensure there are clear lines of accountability between the Accounting Officer of the trust and the Trustees, including effective oversight and support for financial</p>	<p>The trust submits evidence a terms of reference and scheme of delegation that evidence the clear lines of accountability</p>	



management.	between the Principal of the trusts and the Governing Body by 20 February 2020.	
5. Provide the ESFA with notices of all board meetings, including extra-ordinary meetings; and supply the agenda and draft minutes (in particular all information relevant to the trust's financial or governance position) to the ESFA as soon as they are available.	The trust submits notice of all board meetings, including extra-ordinary meetings; and that the agenda and draft minutes (including confidential notes) are forwarded to the ESFA as soon as they are available).	Throughout the duration of the Notice – notices of meetings should be received no later than 48hrs before the meetings. Draft minutes should be supplied within 10 working days after the meeting.
6. Ensure that all necessary Trustee contact details are up to date.	<b>All fields specified in GIAS for the individuals must be completed before the FNTI can be lifted.</b> The trust must ensure its record on Get information about schools for the individuals remains up to date.	Immediately and throughout the duration of the Notice.
7. Work closely with representatives nominated by the Regional Schools Commissioner, utilising their skills and experience effectively to drive school improvement.	Trust provides evidence to RSC/ESFA that it has entered in to a formalised partnerships to support the trust with governance and management improvements.	Throughout the duration of the Notice
8. The Trust requests approval from the ESFA, in advance, for any actions under the revoked freedoms in Part 3 and Annex B of the AFH. These requests should be sent using the <a href="#">esfa-enquiry-form</a> . Retrospective approval will be deemed as a breach of the AFH	The Trust must submit a request for approval for any actions relating to the delegated freedom revoked under the terms of the FNTI.	Until FNTI lifted

9. The Audit & Finance committee must meet on at least six occasions per academic year, whilst in-year deficits are forecast	Provide the ESFA with Minutes of meetings, evidencing number of meetings in the year.	Throughout the duration of the Notice, whilst the trust has an in-year forecast or actual deficit.
10. All financial returns to be submitted to the ESFA on time.	Provide all financial return to the ESFA in line with AFH requirements on time.	Throughout the duration of this Notice.
11. Trust to send details of the trust's annual internal audit programme.	Provide to the ESFA dates of when the next internal audit will be carried out and a commitment to send the findings to ESFA within 1 week of its submission to the board.	Initial details to be sent by 29 February 2020 and all subsequent findings to be sent to the ESFA within 1 week of their submission to the board. Throughout the duration of this Notice.
12. Trust to ensure that all necessary information is published on its website, as per the AFH	The Trust must ensure that all requirements of the AFH in relation to the publishing of information on their website are fully met.	Throughout the duration of the Notice.