



Education & Skills
Funding Agency

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

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

2 March 2020

Mr Manson
The Brookfield School
Grandstand Road
Hereford
HR4 9NG

Company Number: 09136556

Dear Mr Manson

Financial Notice to Improve: The Brookfield School Ltd

I am writing to you in your capacity as the Chair of The Brookfield School Ltd (the Trust).

As you are aware the Education and Skills Funding Agency (ESFA) held serious concerns relating to the Trusts ineffective financial management and governance oversight, prior to your appointment. This mismanagement and lack of governance led to the weak financial position of the Trust and compliance breaches resulting in an unsatisfactory 2018/19 audited financial statement and management letter return.

I recognise the progression that you and the new appointments to the board of trustees this academic year, have made in addressing these serious issues, as well as the co-operation with my team and the Regional Schools Commissioner. This work has strengthened the leadership, compliance and financial position of 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 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.

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 Mrs Michelle Mannion-Parkes, Headteacher and Mr Andrew Warren, the Regional Schools Commissioner (RSC) for West Midlands (WM).

I look forward to hearing from you.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'M. Pettifer', with a long horizontal stroke extending to the right.

Mike Pettifer

Director: Academies and Maintained Schools Group

CC. Mrs Michelle Mannion-Parkes, Headteacher
Mr Andrew Warren, Regional Schools Commissioner for West Midlands

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 The Brookfield School Ltd's failure to adhere to the Academies Financial Handbook during the period of the 2018/19 Academic year:
 - Failure by the Trustees to apply the highest standards of conduct and ensure robust governance, as these are critical for effective financial management. (AFH Paragraph 1.11)
 - Failing to manage its cash position robustly and avoid becoming overdrawn. (AFH Paragraph 2.24)
 - Failing to return information to ESFA by a set deadline. (AFH Paragraph 2.56)
 - Failure of the Trust to provide sound internal control, risk management and assurance processes. (AFH Paragraph 2.6)
 - Failure of the Trust to have a programme of internal scrutiny to provide independent assurance to the board that its financial and others controls, and risk management procedures, are operating effectively. (AFH Paragraph 3.1)
 - Failure of the board to act upon the findings by auditors and failure at taking opportunities to strengthen systems of financial management and control. (Section 4.16)

Conditions

2. The trust must provide a comprehensive and revised recovery plan covering the period until 31 August 2022. This must show clearly:
3. How all SRMA efficiency recommendations will be implemented or providing compelling reasons as to why they cannot.
4. Evidence of a review of ICFP and how this will be applied.
5. Evidence of a review of school resource management tools and how these will be applied.
6. Evidence of a review of national deals and how these will be applied.
7. The Trust is required to provide monthly management accounts, including income and expenditure variance reports, cash flow and forecast, in-year budget position, month end checklist and bank reconciliation.
8. The Trust must increase its members from three to five and ensure the trustee and member numbers are compliant.
9. The Trust board is required to provide evidence of minutes of all full governing board (FGB) and sub finance committee (SFC) meetings to the ESFA. The board is

required to set clear targets for addressing all 40 points of the 2018/19 management letter.

10. The Trust is required to commission an independent full external audit of its financial position and capability, recovery plan, overall governance and capability of the Trust. The Trust must get ESFA approval of the audit supplier. Upon receiving the report, the Trust must show clearly how all recommendations will be implemented or give compelling reasons as to why they cannot.
11. The Trust must transfer, or be in the process of transferring, to a Multi Academy Trust by the deadline required by the ESFA.
12. The trust must move on to a new model funding agreement (MFA) by the deadline required by the ESFA.
13. The Trust is required to submit the Budget Forecast Return (BFR) by the deadline required by the ESFA.
14. The Trust is required to submit 2019/20 accounts by the deadline required by the ESFA.

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 provide the Recovery Plan and all related conditions within 4 weeks after receiving this letter. The recovery plan must cover the period until 31 August 2022.
19. The Trust must provide monthly management accounts and all related conditions, on a monthly basis, effective immediate.
20. The Trust must provide evidence of meeting minutes and board attendance following each board meeting effective immediate.
21. The trust must address all 40 points of the 2018/19 by 31 August 2020 and are required to provide an action plan setting clear targets for addressing all 40 points within 4 weeks after receiving this letter.
22. The Trust must commission the full external audit within 4 weeks after receiving this letter and provide a response to recommendations within 10 working days of receiving the report.

23. The Trust must increase its members from three to five and ensure the trustee and member numbers are compliant by 31 August 2020.
24. The Trust must have joined or be in the process of joining a MAT by 31 August 2020.
25. The trust must have moved to a new master funding agreement by 31 August 2020
26. The BFR return is due to ESFA by 31 July 2020. The 2019/20 audited accounts are due to ESFA by 31 December 2020.

Monitoring and progress

27. The Trust is required to meet the specific conditions outlined above to enable ESFA to monitor compliance and progress.
28. 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, ESFA will begin to consider and explore the contractual intervention options available.

Compliance and the end of the notice period

29. Compliance with this Notice will be demonstrated when:

- ESFA receives a viable recovery plan, detailing the Trusts responses to all SRMA recommendations and saving efficiencies identified using ICFP, SRM and national deals.
- ESFA receives the outcome of the full external independent audit and the Trusts response to all recommendations.
- ESFA receives evidence demonstrating all 40 points of the 2018/19 Management Letter have been addressed.
- The Trust increase its members from three to five and ESFA agree the board is compliant.
- The Trust has moved into a MAT.
- The Trust has moved to a new master funding agreement.
- The Trust has requested approval from ESFA for any and all actions under the revoked freedoms in Part 5 of the AFH. These requests should be sent to us using the [ESFA-enquiry-form](#)
- ESFA receives the budget forecast return by 31 July 2020
- ESFA receives audited financial statements with an unqualified audit opinion by 31 December 2020.
- ESFA receives the auditors' management letter, which does not raise concerns, by 31 December 2020.

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