



Education & Skills
Funding Agency

Education & Skills Funding Agency
4th Floor
Sanctuary Buildings
Great Smith Street
London
SW1P 3BT
Tel: 0370 000 2288
<http://www.gov.uk/esfa>

Fiona Doyle
Chair of the Board of Trustees
Cirrus Primary Academy Trust
Avenue Primary Academy
Avenue Road
Sutton
SM2 6JE

Company number: 09642581

11 September 2020

Dear Ms Doyle

Financial notice to improve: Cirrus Primary Academy Trust

I am writing to you in your capacity as the Chair of Trustees at Cirrus Primary Academy Trust (“the Trust”).

As you are aware, the Education and Skills Funding Agency (ESFA) has carried out a review into financial governance at the Trust, following notification of its deteriorated financial position and subsequent request for recoverable funding.

Thank you for your cooperation with this review, particularly in light of the external pressures the Trust is currently facing as a result of COVID-19.

During the course of this review, a series of weaknesses have been identified in relation to governance and financial management at the Trust, each of which representing breaches of requirements of the Trust’s Funding Agreement (FA) as set out in the Academies Financial Handbook (AFH) 2018 and 2019.

The sections of the AFH 2018 which we have identified the trust to have breached are paragraphs 1.3.3, 2.3.1, 2.3.3-2.3.4, 2.6.1, 2.9.4, and of the AFH 2019 paragraphs 1.14, 3.6, 3.7, 3.22, 4.4, 5.46-5.47. The version of the AFH refers to the date at which we identify each breach to have occurred.

These paragraphs are detailed in full at in Annex C, and the breaches relate

to:

- The failure to ensure oversight and management of financial decisions, leading to a seriously deteriorated financial position at the Trust;
- The failure to submit financial returns to the ESFA on time;
- The failure to convene an audit committee;
- The failure to have robust processes in place to manage risk;
- Poor engagement in matters of Trust governance by the Chair of Trustees;
- The failure of trustees to uphold their responsibilities;
- The failure to include all mandatory information on the Trust's website;
- The failure to produce monthly management accounts to a satisfactory standard throughout 2018/19;

The ESFA has been working with the Trust since January 2020 to address the matters raised initially by the Trust, and later through the course of the ESFA's review. I recognise the cooperation and discussions that have taken place between the Trust and officials; however, my concerns remain in relation to governance and financial oversight at the Trust, and I believe that we need a framework in place to monitor and secure further improvements.

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

The Trust is required, pursuant to the provisions of the AFH and the FA, to comply with the terms of this financial notice to improve ("the Notice"). These terms are set out in Annex A.

Being issued with a Notice means that certain delegated authorities, as defined in the AFH, have been revoked. All transactions previously covered by these delegations, regardless of their size, must now be approved in advance by ESFA, specifically:

- special staff severance payments
- compensation payments
- writing off debts and losses
- entering into guarantees, indemnities or letters of comfort
- disposals of fixed assets beyond any limit in the funding agreement
- taking up a leasehold or tenancy agreement on land and buildings of a duration beyond any limit in the trust's funding agreement
- GAG carry forward from one year to the next beyond any limit in the

funding agreement and the pooling of GAG by MATs

If the Trust comes to the ESFA to seek retrospective approval this will be deemed a breach of the AFH. These delegated authorities shall be returned to the Trust once we are satisfied that the requirement of the Notice have been, and will continue to be, complied with to the satisfaction of the Secretary of State. Further details of the approval process will be forwarded to the Accounting Officer upon acknowledgment of receipt of this letter.

We will monitor progress made towards meeting the requirements of this Notice. We will lift the Notice when the requirements set out in the annex have been met in full.

We reserve the right to reissue this Notice and add further specific conditions if required, should the trust fail to make sufficient progress against the original conditions. 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 agreed timescales, we will explore the contractual intervention options available.

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.

If continued non-compliance with the AFH occurs, we may also refer the case to the Charity Commission and/or Insolvency Service for further investigation, as deemed appropriate in the circumstances.

Please acknowledge this letter by email within three working days of receipt to [REDACTED] [REDACTED] at [REDACTED]@[REDACTED]. In line with the requirements set out in ESFA's publishing policy, the Trust has 10 working days to offer any final comments on factual accuracy before publication.

I am copying this letter to Sharon Roberts, Accounting Officer of the Trust, Andrew Theobald, Wendy Mathys, Rumu Sen-Gupta, Ian Lewis and Angela Baughan, being the members of the trust, and Claire Burton, the Regional Schools Commissioner for South-East England and South London.

I look forward to hearing from you.

Yours sincerely



Warwick Sharp

Director, Academies and Maintained Schools Group

CC Sharon Roberts (Accounting Officer)

Andrew Theobald, Wendy Mathys, Rumu Sen-Gupta, Ian Lewis and
Angela Baughan (Members)

Claire Burton (Regional Schools Commissioner for South-East 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 Cirrus Primary Academy Trust (the 'Trust')
 - Failing to ensure oversight and management of financial decisions, including the production of monthly management accounts to a satisfactory standard, as outlined in paragraphs 2.3.1, 2.3.3-4 and 2.9.4 of the Academies Financial Handbook (AFH) 2018;
 - Failing to submit financial returns to the ESFA on time as outlined in paragraphs 3.22 and 4.4 of the AFH 2019;
 - Failing to convene an audit committee as outlined in paragraphs 3.6 and 3.7 of the AFH 2019;
 - Failing to ensure a robust process to manage risk as outlined in paragraph 2.6.1 of the AFH 2018;
 - Failing to ensure effective engagement of the Chair of Trustees, as outlined in paragraph 1.14 of the AFH 2018;
 - Failing to ensure trustees uphold their responsibilities to the standard outlined in paragraph 1.3.3 of the AFH 2018;
 - Failing to include all mandatory information on the Trust's website as required in paragraphs 5.46-5.47 of the AFH 2019.

Conditions

The trust is required to:

2. Develop an action plan against the conditions set out in this Notice with the support of School Resource Management Advisor (SRMA).
 - a) Comply with the funding agreement requirement to submit all audited financial statements to the ESFA on time and without qualification.
 - b) Submit the Budget Forecast Return Outturn (BFRO) by the deadline required by the ESFA.
 - c) Submit the Budget Forecast Return (BFR) by the deadline required by the ESFA.
 - d) Contact the ESFA at an early stage if it believes it is not able to follow or is falling behind the schedule set out in their Trust financial plan.

3. 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.
4. Prepare an action plan in response to the recommendations from the two previous SRMA deployments, to be agreed with the ESFA. This plan must demonstrate the timings when all the recommendations will be implemented, or an explanation as to why a recommendation cannot be implemented if not.
5. Submit an updated five-year financial plan demonstrating a return to surplus position to a suitable timescale (generally three years) and 18-month cash flow forecast to the ESFA. This financial plan and cash flow forecast must incorporate all of the SRMA recommendations agreed between the Trust and the ESFA.
6. Immediately strengthen the board with a total minimum of four RSC nominated academy trustees to support the current trust.
7. Ensure that proper arrangements, in line with Departmental preference and best practice, are put in place whereby there is sufficient independence to offer robust challenge and hold senior leaders and current Accounting Officer to account for the management of the budget/finances and general operation of the Trust.
8. Ensure all trustees are aware of their responsibilities as directors under the companies Act, Academies Financial Handbook and as trustees under Charity Commission guidance.
9. Ensure that all necessary trustee contact details are up to date on Get Information About Schools (GIAS).
10. Arrange an independent review of financial management and internal controls to be undertaken in December 2020. The terms of reference and party undertaking the review must be agreed with the ESFA, and will include a review of financial forecasting across the Trust. The outcome must also be shared with the ESFA.
11. Arrange an independent review of governance to be undertaken in December 2020. The terms of reference and party undertaking the review must be agreed with the ESFA. The outcome must also be shared with the ESFA.
12. Ensure that arrangements are in place for the provision of internal scrutiny, and an audit committee or a committee fulfilling the duties of

an audit committee. The Trust should have a process in place, overseen by the audit committee, to implement findings, recommendations, and/or actions from external audit findings report.

13. Ensure that all statutory information, including an up-to-date register of interests, is available on the trust's website.
14. Ensure that the Trust has a robust process in place to manage risks, underpinned by the risk register, to ensure its effective operation. This must include a contingency and business continuity plan.
15. Prepare an action plan in response to recommendations from both the review of financial management and internal controls and the review of governance, and this must be agreed with ESFA officials.
16. Move to the most recent model Master Funding Agreement, and for its constituent academies to move to the most recent model Supplemental Funding Agreements.
17. Continue working with the RSC's Office to facilitate the smooth transfer of Kingsley Primary Academy into an appropriate Multi Academy Trust (MAT).
18. Meet with the ESFA on a monthly basis until the FNtl is lifted.
19. Prepare management accounts every month setting out its financial position, including an income and expenditure account, variation to budget report, cash flows and balance sheet, and submit these to the ESFA.
20. Increase the regularity of all board and sub-committee meetings to twice a term, with all minutes and notes to be shared with the ESFA at the earliest opportunity after each meeting throughout the 2020/21 academic year.
21. Ensure that proper arrangements, in line with Departmental preference and best practice in the AFH 2020 paragraphs 1.3 and 1.5, are put in place whereby there is sufficient independence between members and trustees to offer robust challenge and hold the Chair, Board of Trustees and Accounting Officer to account for the management and general operation of the trust.
22. 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.

Financial management requirements

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

Timescales

The trust must:

1. Develop an action plan against the conditions set out in this FNtl by 30 October 2020, accepting SRMA support to assist with this as soon as is realistic.
 - a) Comply with the funding agreement requirement to submit all audited financial statements to the ESFA on time and without qualification.
 - b) Submit the Budget Forecast Return Outturn (BFRO) by the deadline required by the ESFA.
 - c) Submit the Budget Forecast Return (BFR) by the deadline required by the ESFA.
 - d) Contact the ESFA at an early stage if it believes it is not able to follow is falling behind the schedule set out in their Trust financial plan.
2. Prepare an action plan in response to the recommendations from the previous SRMA deployments within three weeks of the final report being received by the Trust.
3. Submit an updated five-year financial plan demonstrating a return surplus and 18-month cash flow within three weeks of the action plan arising from the SRMA report being agreed with the ESFA.
4. Appoint four RSC nominated trustees to the board, and notify the ESFA in writing of their appointment, by 30 October 2020.
5. Submit the schedule of Board, sub-Board and members' meetings for 2020/21 to the ESFA by 13 November 2020, and ensure that proper arrangements are put in place whereby there is sufficient independence to offer robust challenge and hold senior leaders and current Accounting Officer to account for the management of the

budget/finances and general operation of the trust until the FNtl is lifted.

6. Confirm to the ESFA that refresher training has taken place for trustees and that they are aware of their responsibilities by 30 November 2020.
7. Ensure that all necessary trustee contact details are up to date on Get Information About Schools (GIAS) by 30 November 2020.
8. Agree the terms of reference for an independent review of financial management and internal controls with the ESFA by 30 November 2020, and share the outcome of this review with the ESFA by 15 January 2021.
9. Agree the terms of reference for an independent review of governance with the ESFA by 30 November 2020, and share the outcome of this review with the ESFA by 15 January 2021.
10. Ensure that arrangements are in place for the provision of internal scrutiny, and an audit committee or a committee fulfilling the duties of an audit committee, and submit evidence of a schedule of meetings of this committee to the ESFA by 30 November 2020. All minutes of meetings held by this committee must be submitted to the ESFA as soon as available until the FNtl is lifted.
11. Ensure that all statutory information, including an up-to-date register of interests, is available on the Trust's website by 18 December 2020, and keep this up-to-date until the FNtl is lifted.
12. Provide the ESFA with detail of its risk management process and copies of its risk register and contingency and business continuity plan by 31 December 2020.
13. Prepare an action plan in response to recommendations from both the review of financial management and internal controls and the review of governance and agree this with the ESFA by 29 January 2021.
14. Move to the most recent model Master Funding Agreement, and for its constituent academies to move to the most recent model Supplemental Funding Agreements, by 31 March 2021.
15. Continue working with the RSC's Office to facilitate the smooth transfer of Kingsley Primary Academy into an appropriate Multi Academy Trust (MAT), providing monthly updates to the ESFA on progress against this.
16. Meet with the ESFA on a monthly basis until the FNtl is lifted.

17. Prepare management accounts every month setting out its financial position, including an income and expenditure account, variation to budget report, cash flows and balance sheet, and submit these to the ESFA, monthly until the FNtl is lifted.
18. Increase the regularity of all board and sub-committee meetings to twice a term, with all minutes and notes to be shared with the ESFA at the earliest opportunity after each meeting throughout the 2020/21 academic year, until the FNtl is lifted.
19. Ensure that proper arrangements, in line with Departmental preference and best practice in the AFH 2020 paragraphs 1.3 and 1.5, are put in place whereby there is sufficient independence between members and trustees to offer robust challenge and hold the Chair, Board of Trustees and Accounting Officer to account for the management and general operation of the trust until the FNtl is lifted.
20. 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.

Monitoring and progress

21. The Trust must provide the ESFA with monthly management accounts and cash flow reports on the 12th of each month, commencing in October 2020, 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.
22. The Trust is required to submit an action plan by 30 October 2020 to meet the specific conditions outlined above and to enable the ESFA to monitor compliance and progress.
23. The Trust is required to meet the specific conditions outlined above to enable the ESFA to monitor compliance and progress.
24. 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

25. Compliance with this Notice will be demonstrated when:

- The Trust accepts a further SRMA deployment with a remit as agreed with the ESFA, and submits an action plan to the ESFA for meeting the conditions as set out in this FNtl.
- The Trust has requested approval from the ESFA for any and all actions under the revoked freedoms in Part 5 of the AFH. These requests should be sent using the [ESFA-enquiry-form](#).
- The ESFA receives the Budget Forecast Return by the deadline required by the ESFA.
- The ESFA receives audited financial statements with an unqualified audit opinion by 31 December 2020 and 31 December 2021.
- The ESFA receives the auditors' management letter which does not raise further concerns relating to any of the issues highlighted within this Notice by 31 December 2021.
- The ESFA receives an updated five-year financial plan and 18-month cash flow forecast.
- The trust appoints four RSC nominated trustees to the board.
- The ESFA receives evidence in writing to confirm these appointments from the trust.
- The ESFA receives and agrees the terms of reference for the independent review of financial systems and governance.
- The ESFA receives the outcome of the independent review of financial systems
- The ESFA receives the outcome of the independent governance review.
- The ESFA receives and agrees the Trust's action plans in response to the reviews of governance, financial management and internal control.
- The action plans resulting from the reviews into finance controls, governance and from the SRMA report are agreed with the ESFA.
- All recommended actions are signed off by the board and the ESFA.
- The ESFA receives monthly updates from the Trust that detail sufficient progress in this area.
- The ESFA consistently receives all minutes and notes following all board and sub-committee meetings throughout the 2020/21 academic year.
- The ESFA receives confirmation from the trust that all trustees have undergone refresher training and are aware of their responsibilities.

- The ESFA receives evidence that the structure of board meetings have been reviewed and improved.
- The Trust implements strong sub-committees.
- The Trust provides the ESFA with detail of its risk management process and copies of its risk register and contingency and business continuity plan.
- The ESFA receives evidence of the establishing of an effective audit committee.
- The ESFA receives meeting minutes that evidence challenge from trustees and members.
- There ESFA receives evidence that is a schedule of regular board, members and sub-committee meetings in place for 2020/21.
- The ESFA receives monthly management accounts throughout 2020/21 reflecting the requirements set out in the AFH.
- All statutory information and a register of interests is available on the Trust's website and is kept up to date.
- The Trust ensures that information on GIAS remains up to date.
- The Trust establishes an audit committee and provides a schedule of meetings for 2020/21.
- To Trust provides minutes of these meetings once they have taken place to the ESFA.
- The Trust ensures there is significant separation between members and trustees until the majority of members are independent from the board of trustees.
- The ESFA receives meeting minutes that evidence challenge of trustees and the executive team from members.
- Kingsley Primary Academy is successfully transferred to another Multi-Academy Trust.
- The Trust moves to the latest model Master Funding Agreement, and its constituent academies to the latest model Supplemental Funding Agreements.
- The Trust meets with the ESFA on a monthly basis.

26. The conditions compliance table in Annex B advises the Trust of the evidence required and timescales given for the Trust to be deemed compliant with this Notice.

27. When the Trust meets all the conditions outlined in this annex, is fully compliant with the AFH and no other breaches have been identified, the ESFA will write to the Trust to confirm that the Notice has been lifted.

CONDITIONS

Annex B

	Condition applied	Action/ evidence required from trust	By when
1	The trust is required to: Develop an action plan against the conditions set out in this Notice.	Compliance will be demonstrated when: <ul style="list-style-type: none"> - The Trust will accept a further SRMA deployment with a remit as agreed with the ESFA. - The Trust will produce an action plan demonstrating how it intends 	As soon as realistic. 30 October 2020
2	Prepare an action plan in response to the recommendations from the SRMA, and this must be agreed with the ESFA within three weeks of the final report being received by the trust. This plan must demonstrate the timings when all the recommendations will be implemented, or an explanation as to why a recommendation cannot be introduced if not.	<ul style="list-style-type: none"> - The ESFA receives and agrees the trust's action plans in response to the recommendations from the SRMA. - The action plans will be regularly updated by the trust and reviewed with the ESFA. - All agreed actions are signed off by the board and the ESFA. 	Within three weeks of the final SRMA report being received by the trust. Until all recommendations agreed with the ESFA are signed off.
3	Submit an updated five-year financial plan demonstrating a return surplus position to a suitable timescale (generally three years) and 18-month cash flow forecast to the ESFA. This financial plan and cash flow forecast must incorporate all of the SRMA recommendations agreed between the trust and the ESFA, and must therefore be submitted to the ESFA within three weeks of these actions being agreed.	<ul style="list-style-type: none"> - The ESFA receives a five-year financial plan demonstrating a return to surplus within a suitable timescale, to be agreed with the ESFA, and 18-month cash flow forecast. 	Within three weeks of the actions arising from the SRMA report being agreed with the ESFA.
4	Immediately strengthen the board with a total minimum of four RSC nominated academy trustees to support the current trust – new trustees should be in place by 30 October 2020.	<ul style="list-style-type: none"> - The trust appoints four RSC nominated trustees to the board. - The ESFA receives evidence in writing to confirm these appointments from the trust. 	30 October 2020 30 October 2020
5	Ensure that proper arrangements, in line with Departmental preference and best practice, are put in place whereby there is sufficient independence to offer robust challenge and hold senior leaders and current Accounting Officer to account for the management of the	<ul style="list-style-type: none"> - The ESFA receives evidence that there is a schedule of regular board, members and sub-committee meetings in place for 2020/21. - The ESFA receives evidence that the structure of board meetings have been reviewed and improved. 	13 November 2020 Until FNTI is lifted.

	budget/finances and general operation of the trust.	<ul style="list-style-type: none"> - The trust implements strong sub-committees. - The ESFA receives meeting minutes that evidence challenge from trustees and members. 	<p>Until FNtl is lifted</p> <p>Until FNtl is lifted</p>
6	Ensure all trustees are aware of their responsibilities as directors under the companies Act, Academies Financial Handbook and as trustees under Charity Commission guidance – the trust should confirm refresher training for trustees and arrange for this to be completed by October 2020.	<ul style="list-style-type: none"> - The ESFA receives confirmation from the trust that all trustees have undergone refresher training and are aware of their responsibilities. 	30 November 2020
7	To ensure that all necessary trustee contact details are up to date.	<ul style="list-style-type: none"> - All fields specified in GIAS for the individuals must be completed before the FNtl can be lifted. The trust must ensure its record on Get information about schools for the individuals remains up to date. 	30 November 2020
8	Arrange an independent review of financial management and internal controls to be undertaken in December 2020. The terms of reference and party undertaking the review must be agreed with the ESFA, and the report must be shared with the ESFA in January 2020.	<ul style="list-style-type: none"> - The ESFA receives and agrees the terms of reference for the independent review of financial management and internal controls. - The ESFA receives the outcome of the independent review of financial management and internal controls. 	<p>30 November 2020</p> <p>15 January 2021</p>
9	<p>Arrange an independent review of governance to be undertaken in December 2020. The terms of reference and party undertaking the review must be agreed with the ESFA, and the report must be shared with the ESFA in January 2021.</p> <p>This will include a review of the skills of the clerk to the Board to ensure that they hold the appropriate skills, as per 1.40 and 1.41 of the AFH 2020.</p>	<ul style="list-style-type: none"> - The ESFA receives and agrees the terms of reference for the independent review of governance. - The ESFA receives the outcome of the independent governance review. 	<p>30 November 2020</p> <p>15 January 2021</p>
10	To ensure that arrangements are in place for the provision of internal scrutiny, and an audit committee or a committee fulfilling the duties of an audit committee. The	<ul style="list-style-type: none"> - The trust establishes an audit committee and provides a schedule of meetings for 2020/21. - To trust provides minutes of all meetings once they 	<p>30 November 2020</p> <p>Until FNtl is lifted.</p>

	trust should have a process in place, overseen by the audit committee, to implement findings, recommendations, and/or actions from external audit findings report.	have taken place to the ESFA.	
11	To ensure that all statutory information, including an up-to-date register of interests, is available on the trust's website.	<ul style="list-style-type: none"> - All statutory information and a register of interests is available on the trust's website. - The register of interests is kept up to date. 	18 December 2020 Until FNtil is lifted
12	To ensure that the trust has a robust process in place to manage risks, underpinned by the risk register, to ensure its effective operation. This must include a contingency and business continuity plan.	<ul style="list-style-type: none"> - The trust provides the ESFA with detail of its risk management process and copies of its risk register and contingency and business continuity plan. 	31 December 2020
13	<p>The trust is required to:</p> <ul style="list-style-type: none"> a) Comply with the funding agreement requirement to submit all audited financial statements to the ESFA on time and without qualification. b) Submit the Budget Forecast Return Outturn (BFRO) by the deadline required by the ESFA. c) Submit the Budget Forecast Return (BFR) by the deadline required by the ESFA. d) Contact the ESFA at an early stage if it believes it is not able to follow is falling behind the schedule set out in their Trust financial plan. 	<ul style="list-style-type: none"> - The ESFA receives audited financial statements by 31 December 2020, each year until the FNTI is lifted. - The ESFA receives BFRO by date required, each year until FNTI is lifted. - The ESFA receives BFR by date required, each year until FNTI is lifted. - Returns show recovery in line with the Trust financial plan. 	<p>31 December 2020, each year until the FNTI is lifted.</p> <p>Submit BFRO by date required, each year until FNTI is lifted.</p> <p>Submit BFR by date required, each year until FNTI is lifted.</p>
14	Prepare an action plan in response to recommendations from both the review of financial management and internal controls and the review of governance, and this must be agreed with ESFA officials by 29 January 2021.	<ul style="list-style-type: none"> - The ESFA receives and agrees the trust's action plans in response to the reviews of governance, financial management and internal control. - The action plans will be regularly updated by the trust and reviewed with the ESFA. - All recommended actions are signed off by the board and the ESFA. 	29 January 2021
15	To move to the most recent model Master Funding Agreement, and for its constituent academies to move to	<ul style="list-style-type: none"> - The Trust will move to the most recent model Master Funding Agreement 	31 March 2021

	the most recent model Supplemental Funding Agreements.	- The academies in the Trust will move to the most recent model Supplemental Funding Agreements.	31 March 2021
16	Continue working with the RSC's Office to facilitate the smooth transfer of Kingsley Primary Academy into an appropriate Multi Academy Trust (MAT).	- The ESFA receives monthly updates from the trust that detail sufficient progress in this area.	Monthly thereafter until the trust joins a MAT.
17	To meet with the ESFA on a monthly basis until the FNtl is lifted.	- The trust meets with the ESFA on a monthly basis.	Monthly until the FNtl is lifted.
18	To prepare management accounts every month setting out its financial position, including an income and expenditure account, variation to budget report, cash flows and balance sheet, which have been missing to date	- The trust prepares monthly management accounts to the standard a set out in 2.18-2.23 of the AFH 2020. - The trust send these management accounts to the ESFA once they have been prepared.	Monthly until the FNtl is lifted. Monthly until the FNtl is lifted.
19	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 2020/21 academic year.	- The ESFA consistently receives all minutes and notes following all board and sub-committee meetings throughout the remainder of the 2020/21 academic year.	Until FNtl is lifted.
20	To ensure that proper arrangements, in line with Departmental preference and best practice in the AFH 2020 paragraphs 1.3 and 1.5, are put in place whereby there is sufficient independence between members and trustees to offer robust challenge and hold the Chair, board of trustees and Accounting Officer to account for the management and general operation of the trust.	- The trust ensures there is significant separation between members and trustees until the majority of members are independent from the board of trustees. - The ESFA receives meeting minutes that evidence challenge of trustees and the executive team from members.	Until FNtl is lifted Until FNtl is lifted
21	To 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.	- The Trust must submit a request for approval for any actions relating to the delegated freedom revoked under the terms of the FNtl.	Until FNtl is lifted.

The Academies Financial Handbook 2018 states:

1.3.3 The trustees must apply the highest standards of governance and take full ownership of their duties. They must comply with the trust's charitable objects, with company and charity law, and with their funding agreement.

2.3.1 The board of trustees must approve a balanced budget, and any significant changes to that budget, for the financial year to 31 August, which can draw on unspent funds brought forward from previous years. The board must minute its approval.

2.3.3 The board of trustees, and any separate committee responsible for finance, must ensure rigour and scrutiny in budget management.

- Budget setting - The board must ensure that budget forecasts, for the current year and beyond, are compiled accurately, based on realistic assumptions including any provision being made to sustain capital assets, and are reflective of lessons learned from previous years.

- Budget monitoring - The trust must prepare management accounts every month setting out its financial performance and position, comprising budget variance reports and cash flow forecasts with sufficient information to manage cash, debtors and creditors. Managers must take appropriate action to ensure ongoing viability.

Management accounts must also be shared with the chair of trustees every month irrespective of the size of the trust, and with the other trustees six times a year. The board must consider these when it meets. The board must ensure appropriate action is being taken to maintain financial viability including addressing variances between the budget and actual income and expenditure.

The format of management accounts should be adjusted to be suitable for different users including summaries and supporting narrative as appropriate.

2.3.4 The board of trustees must notify ESFA within 14 days of its meeting if it is proposing to set a deficit revenue budget for the current financial year, which it cannot address after unspent funds from previous years are taken into account.

2.9.4 The committee must agree a programme of work to provide its assurance on financial controls and risks. In MATs, the audit committee's oversight must extend to the financial controls and risks at constituent academies.

2.6.1 The trust must manage risks to ensure its effective operation. The trust should maintain a risk register. The trust's management of risks must include contingency and business continuity planning.

The Academies Financial Handbook 2019 states:

1.14 The chair is responsible for ensuring the effective functioning of the board and for setting professional standards of governance and accountability for the board. ESFA will help chairs and their boards to do this if required.

3.6 The academy trust must establish an audit committee, appointed by the board.

- Trusts with an annual income over £50 million must have a dedicated audit committee.

- Other trusts must either have a dedicated audit committee or can combine it with another committee

3.7 The audit committee should meet at least three times a year.

3.22 The trust must submit its annual summary report of the areas reviewed, key findings, recommendations and conclusions (as presented to the audit committee under section 3.15 by the person or organisation carrying out the programme of work) to ESFA by 31 December each year when it submits its audited annual accounts. The trust must also provide ESFA with any other internal scrutiny reports if requested.

5.46 Trusts should consider whether other interests should be registered. Boards of trustees should keep their register of interests up-to-date at all times.

5.47 Trusts must publish on their websites relevant business and pecuniary interests of members, trustees, local governors and accounting officers. Trusts have discretion over the publication of interests of other individual named on the register. The Charity Commission offers guidance in *Manage a conflict of interest in your charity* and *CC29: Conflicts of interest: a guide for charity trustees*.