



Education & Skills  
Funding Agency

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

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

21 August 2020

FAO Al Kingsley, co-Chair of trustees  
KWEST Multi Academy Trust  
Lake Business Centre – Room  
10  
Riverside  
Crossbank Road  
King's Lynn  
PE30 2HD

Company number: 11144867

Dear Mr Kingsley

### **Financial Notice to Improve: KWEST Multi Academy Trust**

I am writing to you in your capacity as co-Chair of trustees at KWEST Multi Academy Trust.

As you know, the Education and Skills Funding Agency (ESFA) has been monitoring the Trust's progress in addressing the financial deficit reported in its 2018/19 accounts. I would like to acknowledge your recognition of the severity of the situation faced by the Trust, and am grateful for the work that I know you and all of the staff have already undertaken in response to the financial concerns. The Trust has taken steps to address the financial position, strengthen accounting and internal financial control, recruit additional trustees and improve governance. Effective collaboration with a School Resource Management Adviser (SRMA) has increased the ESFA's confidence in the Trust's finances and assisted with both financial forecasting and the provision of a financial plan.

This work has been against a backdrop of COVID-19 and I would like to thank the Trust for successfully keeping schools open for the benefit of the most vulnerable pupils.

However, the Trust's financial position is very weak, it will be some time before it improves to a sustainable position and so there are risks which ESFA has a responsibility to ensure are managed.

This letter and its annexes 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 regarding 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 (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Being issued with a Notice means that certain delegated authorities, as defined in the AFH, have been revoked.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 requirements 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.

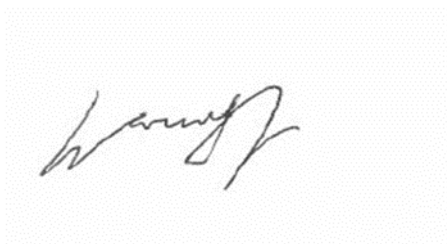
In the event that the Trust fails to meet the requirements of this Notice, to the satisfaction of the Secretary of State, the Trust will be considered to have failed to comply with the terms of the AFH. Depending upon the severity of the breach, this may amount to a breach of the terms of the FA and 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.

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].

I look forward to hearing from you.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Warwick Sharp', is centered within a light gray rectangular box.

**Warwick Sharp**

**Director, Academies and Maintained Schools Directorate**

CC. Paul Donkersloot, Accounting Officer of KWEST Multi Academy Trust  
Sue Baldwin, RSC for the East of England and North-East London

## Financial notice to improve

The Education and Skills Funding Agency (ESFA) has decided to issue a Financial Notice to Improve (the 'Notice') as a consequence of KWEST Multi Academy Trust (the 'Trust') failing to manage its cash position robustly as required in the Academies Financial Handbook (AFH) paragraph 2.24.

## Conditions

1. The trust is required to:
  - 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) The Trust is required to 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 falling behind the schedule set out in their Trust financial plan.
2. Provide the ESFA with monthly management accounts showing in-month, in-year and cumulative positions; the accounts should be received by the ESFA no later than the 25th of the month following the reporting period covered until this FNtI is lifted.
3. Provide the ESFA with notice of all board meetings, including extra-ordinary meetings; and with the agenda and draft minutes (in particular all information relevant to the trust's financial or governance position) as soon as they are available.
4. The trust will work with the Regional Schools Commissioner (RSC) towards transferring the trust's academies to a strong multi-academy trust capable in achieving financial turnaround as soon as is practicable. This work will start immediately and initially focus on building a partnership with the selected multi-academy trust that supports KWEST in its recovery.
5. The Trust must provide ESFA with a revised recovery plan, incorporating all recommendations from the ongoing support being provided by the School Resource Management Adviser and updating trajectories in light of 2019/20 accounts, **by 28 December 2020**.

## Financial management requirements

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

## Monitoring and progress

9. The Trust is required to meet the specific conditions outlined above to enable the ESFA to monitor compliance and progress.  
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10. 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

11. Compliance with this Notice will be demonstrated when:
  - 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 29<sup>th</sup> September 2020.
  - The ESFA receives audited financial statements with an unqualified audit opinion by 31<sup>st</sup> January 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<sup>st</sup> January 2021.
  - The ESFA receives monthly management accounts on time each month and in the required format.
  - The ESFA receives notice of all board meetings, including extra-ordinary meetings, and the agenda and draft minutes (in particular all information relevant to the trust's financial or governance position) as soon as they are available.
  - Proposals are in place towards transferring the trust's academies to a strong multi-academy trust to be agreed with the Regional Schools Commissioner and provided to the ESFA. This work will start immediately and initially focus on building a partnership with the selected multi-academy trust that supports KWEST in its recovery.

- The ESFA receives an updated recovery plan **by 31 December 2020** that reflects latest financial and audit information and revised trajectories accordingly.

12. 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

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.

**Table of conditions**

The table below summarises the conditions that have been placed upon KWEST Multi Academy Trust (“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><b>1. Financial Returns</b> - The trust is required to:</p> <p>a) Comply with the funding agreement requirement to submit all audited financial statements to the ESFA on time and without qualification.</p> <p>b) Submit the Budget Forecast Return Outturn (BFRO) by the deadline required by the ESFA.</p> <p>c) The Trust is required to submit the Budget Forecast Return (BFR) by the deadline required by the ESFA.</p> <p>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.</p>	<p>The ESFA receives audited financial statements by <b>31 January 2021</b>, then each year until the FNtl is lifted.</p> <p>The ESFA receives BFRO by date required, each year until FNtl is lifted.</p> <p>The ESFA receives BFR by date required, each year until FNtl is lifted.</p> <p>Returns show recovery in line with the Trust financial plan.</p>	<p>Submit audited financial statements by <b>31 January 2021</b> then each year until the FNtl is lifted.</p> <p>Submit BFRO by date required, each year until FNtl is lifted.</p> <p>Submit BFR by date required, each year until FNtl is lifted.</p>

<p>2. <b>Delegated Freedoms</b> - 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 esfa-enquiry-form. Retrospective approval will be deemed as a breach of the AFH.</p>	<p>The Trust must submit a request for approval for any actions relating to the delegated freedom revoked under the terms of the FNtl.</p>	<p><b>Until the FNtl is lifted.</b></p>
<p>3. <b>Trustee Contact Details</b> - Ensure that all necessary Trustee contact details are up to date.</p>	<p>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.</p>	<p>By <b>02 October 2020</b></p>
<p>4. <b>Monthly Management Accounts</b> - Provide the ESFA with monthly management accounts.</p>	<p>The accounts must show in-month, in-year and cumulative positions.</p>	<p>The accounts should be received by the ESFA no later than the 25th of the month following the reporting period covered until this FNtl is lifted.</p>
<p>5. <b>Trust Financial Plan</b> - Provide ESFA with a revised recovery plan that reflects latest financial and audit information and revised trajectories accordingly.</p>	<p>Plan must incorporate all recommendations from the ongoing support being provided by the School Resource Management Adviser and</p>	<p>By <b>31 December 2020.</b></p>



	updating trajectories in light of 2019/20 accounts.	
6. <b>Academy Transfer</b> - The Trust will work with the Regional Schools Commissioner (RSC) towards transferring the trust's academies to a strong multi-academy trust capable in achieving financial turnaround as soon as is practicable. This work will start immediately and initially focus on building a partnership with the selected multi-academy trust that supports KWEST in its recovery.	Trust provides details of considerations and agreement with the Regional Schools Commissioner.	<b>Until the FNtl is lifted</b>
7. <b>Board Meetings</b> - The ESFA receives notice of all board meetings, including extra-ordinary meetings; and that the agenda and draft minutes (in particular all information relevant to the trust's financial or governance position) are forwarded 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).	<b>Until the FNtl is lifted</b>
8. <b>Novel, Contentious and/or Repercussive Transactions</b> - Trust must request approval for all novel, contentious and/or repercussive transactions from the ESFA in advance.	Trusts requests approval for all novel, contentious and/or repercussive transactions in advance from the ESFA.	<b>Until the FNtl is lifted</b>

Retrospective requests for approval will be considered a breach of the AFH.		
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