



Education & Skills  
Funding Agency

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

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

3 December 2020

Mr Bryn Marsh  
The Liverpool Joint Catholic and Church  
of England Academies Trust  
51 Horrocks Avenue  
Garston  
Liverpool  
Merseyside  
L19 5NY

Company Number: 07007398

Dear Mr Marsh

**Financial Notice to Improve: The Liverpool Joint Catholic and Church of England Academies Trust**

I am writing to you in your capacity as the Chair of The Liverpool Joint Catholic and Church of England Academies Trust.

As you are aware, the Education and Skills Funding Agency (ESFA) Provider Market Oversight conducted a fact-finding review of the Trust in February 2020 which identified an extensive number of breaches of the Academies Financial Handbook.

This letter and its annexes serve as a written notice to improve financial management, control and governance at the Trust (Financial Notice to Improve or “the Notice”). 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 Notice. These terms are set out in Annex A and Annex B.

Being issued with a Notice means that certain delegated authorities, as defined in the AFH, have been revoked.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. Further details of the approval process will be forwarded to the Accounting Officer upon acknowledgment of receipt of this letter. 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.

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 issue a revised 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. This will amount to a breach of the terms of the FA and may 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]. 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. The Trust is required to publish the FNtl on its website within 14 days of it being issued and retain it on the website until the FNtl is lifted by ESFA.

I am copying this letter to Kevin Maddocks the interim Accounting Officer, Alex Scott a Trust Member, Father Michael Fitzsimons the Acting Director of Education for the Catholic Archdiocese of Liverpool and a Trust Member, Stuart Harrison the Acting Director of

Education for the Anglican Diocese of Liverpool and Vicky Beer the Regional Schools Commissioner (RSC) for Lancashire and West Yorkshire.

I look forward to hearing from you.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Warwick Sharp', written in a cursive style.

**Warwick Sharp**  
**Director, Academies and Maintained Schools Directorate**

CC. Kevin Maddocks, interim Accounting Officer  
Alex Scott, Trust Member  
Father Michael Fitzsimons, Trust Member and Acting Director of Education for the Catholic Archdiocese of Liverpool  
Stuart Harrison, Acting Director of Education for the Anglican Diocese of Liverpool  
Vicky Beer, Regional Schools Commissioner for Lancashire and West Yorkshire

### **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 Liverpool Joint Catholic and Church of England Academies Trust (the 'Trust') failing to:
  - apply a robust evidence-based process that has oversight of executive pay and holds executives to account as required in the Academies Financial Handbook paragraphs 1.28, 1.29, 1.32, 2.1, 2.27, 2.28 and 2.30 – 2.32.
  - manage the requirements of related party transactions across the Trust as required in the Academies Financial Handbook paragraphs 5.37, 5.51 and 5.53
  - maintain financial oversight and apply a robust internal control framework as required in the Academies Financial Handbook paragraphs 2.4 and 2.7
  - maintain an accurate budget forecast that sets a balanced budget that is underpinned by realistic assumptions as required in the Academies Financial Handbook paragraphs 2.10 - 2.12, 2.18, 2.20 and 2.23
  - robustly manage the cash position as required in the Academies Financial Handbook paragraphs 2.24 and 6.10
  - produce monthly Management Accounts in a timely manner as required in the Academies Financial Handbook paragraphs 2.18, 2.19 and 2.23

### **Conditions**

2. The Trust is required to comply with all of the conditions set out in Annex B.

### **Financial management requirements**

3. The Trust is responsible for its own financial management, control and governance and is expected to take appropriate action to strengthen the weaknesses identified and return to compliance with the Academies Financial Handbook.
4. The Trust should take all appropriate actions to ensure the action plan agreed with the ESFA is fully implemented.
5. The ESFA must be satisfied that the Trust is doing everything it can to rectify the weaknesses identified.

### **Monitoring and progress**

6. The Trust is required to submit the evidence for the specific conditions to the timescales outlined in Annex B to enable the ESFA to monitor compliance and progress.
7. 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 given timescales, the ESFA will begin to consider and explore the contractual intervention options available.

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

8. As outlined in Annex B, the Trust is required to submit evidence to demonstrate compliance with the conditions of this notice, which the ESFA will use to monitor the Trust's progress. Annex B sets out the detail of the evidence required to fulfil the condition and the timescales to submit this evidence to the ESFA.
9. When the Trust meets all the conditions outlined in this Notice, is fully compliant with the most recent edition of 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 The Liverpool Joint Catholic and Church of England Academies 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.

| Condition   | Evidence required to show compliance with the notice  | Timescale        |
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| 1. The Trust is required to appoint a Chief Financial Officer who is appropriately qualified and/or experienced.  | The Board must appoint a Chief Financial Officer who is the Trust’s finance director, business manager or equivalent, to whom responsibility for the Trust’s detailed financial procedures is delegated.<br><br>Inform the ESFA of the Chief Financial Officers qualifications and/or experience before an appointment. | 29 January 2021  |
| 2. The Trust must determine based on the complexity and risk of the financial operations whether the Chief Financial Officer should have a business or accountancy qualification. | The Board should determine the requirements of a Chief Financial Officer to have qualifications and/or experience.<br><br>The Trust must provide evidence that the requirements of the Chief Financial Officer has been agreed by the Board.  | 18 December 2020 |
| 3. The Trust is required to commission an independent review of its financial systems and processes to  | The terms of reference and timescale must be shared with the ESFA in  | 29 January 2021  |

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| <p>ensure that future financial returns to the ESFA are submitted accurately and on time. The terms of reference of the review and the report and its findings must be shared with the ESFA.</p> | <p>advance of the independent review by 29 January 2021. The independent review must be undertaken within 1 month of the terms of reference being shared with the ESFA.</p> <p>The Trust must provide the minutes 1 month after the date of the Board meeting that discusses the outcome of the independent review.</p> <p>The Trust must share the findings of the independent review and the actions taken/proposed actions with the ESFA.</p>                  |                        |
| <p>4. The Trust is required to apply a robust process to monitor financial performance and risks to its financial operations</p>   | <p>The Board must meet at least 6 times a year. The Trust must produce relevant documentation for Board meetings, including a detailed meeting schedule and submit to the ESFA by 29 January 2021.</p> <p>The Audit &amp; Finance Committee must meet at least 6 times a year. The Trust must produce relevant documentation for the Audit &amp; Finance Committee meetings, including a detailed meeting schedule and submit to the ESFA by 29 January 2021.</p> | <p>29 January 2021</p> |

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|   | The Trust must submit minutes of meetings with supporting papers to the ESFA, within 1 month following the meeting.   |                  |
| 5. The Trust must carry out a programme of internal scrutiny by those who are suitably qualified and/or experienced and act on any findings.  | <p>The Trust must manage internal audit, ensuring risks are adequately identified and managed.</p> <p>The Trust must submit the schedule of internal audit to the ESFA by 12 February 2021.</p> <p>The Trust must provide evidence to the ESFA that the Trust has appointed a suitably qualified person(s) to carry out the programme of internal scrutiny work and provide by 12 February 2021.</p> <p>The Trust must submit the findings from the internal audits and actions taken to the ESFA within 1 month after the internal audit.</p> <p>The Trust must submit the Risk Register and minutes from the Audit Committee 1 month after the date of the meeting.</p> | 12 February 2021 |
| 6. The Trust is required to increase the board to levels stipulated in the Trusts Articles of Association with specialist expertise in finance and governance. The Trust should ensure there is sufficient independence | The Trust must recruit additional trustees with expertise.  | 26 March 2021    |

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| <p>to offer robust challenge and hold the Accounting Officer to account for the management of the budget/finances, with support from an Educational Expert.</p>    | <p>The Trust must consider using Academy Ambassadors to support with the recruitment.</p> <p>The trustees appointed should have no previous connections to the Trust.</p>  |                        |
| <p>7. The Trust is required to implement a significant degree of separation between those who are members and those who are trustees.</p>                          | <p>The Trust must provide evidence to the ESFA that a significant degree of separate has been implemented between those who are members and those who are trustees, that shows the majority of members to be independent of the board of trustees by 26 March 2021.</p>  | <p>26 March 2021</p>   |
| <p>8. The Trust must produce a revised and accurate 5-year financial plan, demonstrating when the Trust will return to a cumulative surplus position.</p>          | <p>The Trust must submit an accurate financial plan using the ESFAs template.</p> <p>The financial plan must include an accurate cash flow that shows the cash balances for revenue, capital, and School Games Partnership separately.</p> <p>The Trust must make the ESFA aware of any threats to its recovery at the earliest opportunity.</p> | <p>15 January 2021</p> |
| <p>9. The Trust is required to undertake an Integrated Curriculum Financial Planning (ICFP) and financial processes review, with an ICFP expert funded through</p> | <p>The Trust must undertake a full ICFP review and a financial processes review.</p> <p>The Trust must report any savings to the ESFA which will be achieved following</p>   | <p>26 March 2021</p>   |

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| <p>the School Resource Management Adviser programme.</p>   | <p>this review and provide evidence of the implementation of this review.</p> <p>Following this review, the Trust should demonstrate to the ESFA that strong processes are in place to adequately monitor financial performance and the financial risks to its operations.</p>  |   |
| <p>10. The Trust must submit monthly management accounts by the 10<sup>th</sup> of each month.</p> | <p>The Trust must submit monthly management accounts showing income and expenditure and providing the following information:</p> <ul style="list-style-type: none"> <li>a) The budget for the current academic year to date</li> <li>b) Actual results for the current academic year to date</li> <li>c) A narrative explaining any significant variances for the year to date</li> <li>d) The budget for the current full academic year as stated in the recovery plan</li> <li>e) The latest forecast for the current full academic year</li> </ul> | <p>By 10<sup>th</sup> of each month, commencing from February 2021.</p> |

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|   | <p>f) A narrative explaining any significant variances for the current full academic year</p> <p>g) Cash Flow Forecast</p> <p>h) Balance Sheet position</p>  |                         |
| <p>11. The Trust is required to implement a process for setting and reviewing salaries and apply a robust performance management system for Trust leadership.</p> | <p>The Trust must review and provide a robust pay policy to the ESFA with the minutes from the meeting that provided approval.</p> <p>The Trust must provide evidence that a review of the performance management process for leadership has been completed and findings acted on.</p> <p>The Trust must appoint an independent panel member to attend performance management meetings for Trust leadership.</p> | <p>26 February 2021</p> |
| <p>12. The Trust must adopt model funding agreements and Articles of Association.</p>   | <p>Submit a draft copy of the Deed of Variation to the ESFA that amends the funding agreement to the latest model.</p> <p>Submit a draft Special Resolution that amends the Articles of Association to the ESFA.</p>   | <p>16 April 2021</p>    |

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| <p>13. The Trust is required to:</p> <ul style="list-style-type: none"> <li>a) comply with the funding agreement requirement to submit all audited financial statements to the ESFA on time and without qualification.</li> <li>b) submit the Budget Forecast Return Outturn (BFRO) by the deadline required by the ESFA.</li> <li>c) submit the Budget Forecast Return (BFR) by the deadline required by the ESFA.</li> <li>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.</li> </ul> | <p>The ESFA receives audited financial statement and management letter by the date required, 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>Notify the ESFA of the resolutions or proposed resolutions to matters of concern raised in the Trust's management letter.</p> <p>Trust to ensure that it returns all additional statutory returns requested by the ESFA by the deadline date required, e.g. Academies Accounts Return (AAR), Land and Buildings Collection Tool, SRSMAT.</p> | <p>Submit audited financial statements by the date required each year until the FNtl is lifted.</p> <p>Submit BFRO by the date required, each year until FNtl is lifted.</p> <p>Submit BFR by the date required, each year until FNtl is lifted.</p> |
| <p>14. 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.</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>Until the FNtl is lifted.</p>   |

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| <p>15. Ensure that all necessary trustee contact details are up to date.</p>                                    | <p>All fields specified in Get Information About Schools for the individuals must be completed before the FNtl can be lifted. The Trust must ensure its record on Get Information About Schools, Companies House and the Trust website for the individuals remains up to date.</p> | <p>Within 4 weeks of each change.</p>                              |
| <p>16. The Trust is required to publish on its website the number of employees whose benefits exceed £100k.</p> | <p>The Trust must publish on its website in a separate readily accessible form the number of employees whose benefits exceeded £100k, in £10k bandings, as an extract from the disclosure in its financial statements for the previous year ended 31 August.</p>                   | <p>Within 4 weeks of the financial statements being submitted.</p> |