



Education
Funding
Agency

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Rupert Gather
Chair of the Trust
Academies Enterprise Trust
Kilnfield House
Foundry Business Park
Station Approach
Hockley
Essex SS5 4HS

23 October 2014

Dear Mr Gather

I am writing following Tony Foot's letter of 19 September in which he indicated that the Education Funding Agency (EFA) was minded to issue a Financial Notice to Improve to the Trust. We have now reviewed the information supplied to us in response to that letter. I have also considered the further representations received on 23 October. I am now writing with a final decision.

In summary, the financial information provided does show an improvement in the overall financial position and we recognise some progress. However, we have significant concerns about the volatility shown in the series of financial projections provided to us and the ability of the Trust to forecast and therefore, critically, to secure finances across the group. At the same time, while I recognise that the Board has improved structures and processes for oversight of the financial management of the Trust and its academies over the past year, this needs to be further strengthened. This letter and its annexes therefore serve as a written notice to improve financial management, control and governance at the Trust.

I understand that you have very recently been appointed as Chair and have already begun to consider what changes and improvements in the governance of the Trust are required. I would hope that my letter will also be of use to you in that respect, as it sets out the areas that are of most concern to us and that need to be addressed.

Upon receipt of this Financial Notice to Improve (FNtI), all of the delegated authorities as identified in the Academies Financial Handbook (AFH) will be revoked, and all transactions by the Trust previously covered by these delegations (regardless of size) must come to the EFA for approval. These delegated authorities shall be returned to the Trust providing that the terms set out in the FNtI have been complied with and continue to be complied with, to the satisfaction of the Secretary of State.

The terms of this Notice are set out in Annex A and B. The Academies Enterprise Trust is required, pursuant to the provisions of the AFH and the Funding Agreement, to comply with the terms of this Notice.

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 annexes 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, which all academies must comply with by virtue of the terms of the Funding Agreement. As a result of this breach of the AFH, the termination process in the Funding Agreement may be triggered. Depending upon the severity of the breach, this may be considered a material breach of the terms of the funding agreement and lead to the termination of the Funding Agreement.

We will review this Notice by March 2015, in the context of the audited accounts, annual accounts return and progress against the action plan the Trust is required to prepare as set out in Annex B.

I should be grateful if you would acknowledge receipt of this letter by email within 3 days of the date of this letter to [REDACTED]. As part of developing your plans for strengthening the Trust, I would be grateful if you could send me an action plan to meet the requirements associated with this Notice by 14 November.

I am copying this letter to [REDACTED] and to [REDACTED]. It should be circulated to all members of the AET and Greensward Charitable Trust Boards.

Yours sincerely



Sue Baldwin
Director, Academies and Maintained Schools Group

cc [REDACTED]

Financial Notice to Improve

AET

Conditions

1. The Education Funding Agency (EFA) has decided to issue a Financial Notice to Improve (the 'Notice') as a consequence of concerns about the financial management and governance of the Trust including the oversight of financial management by the Accounting Officer and the Directors.
2. The Trust is required to respond to our specific concerns and prepare and implement an action plan as set out at Annex B to address the underlying weaknesses in financial management and governance that have led to the issue of this Notice.
3. The Trust should supply the EFA with monthly progress reports on the work undertaken and the improvements and outcomes achieved.
4. Please note however:
 - The Trust is responsible for its own financial management, control and governance and is expected to take appropriate action to strengthen the control weaknesses identified;
 - The Trust should take all appropriate actions to ensure the agreed action plan is fully implemented; and
 - The EFA must be satisfied that the Trust is doing what it can to rectify the weaknesses identified.

Timescales

5. The Trust will need to develop its action plan, setting out a full set of actions to address the weaknesses in its financial management and governance arrangements that have led to the issue of this Notice. The final plan must be submitted to the EFA by 14 November 2014.
6. We will agree milestones and monitoring as part of finalising the plan.

Monitoring and Progress

7. The Trust is required to meet the specific conditions outlined above to enable the EFA to monitor compliance and progress.

8. Should it become evident that the Trust is unlikely to fulfil the conditions set out in this Notice within the above timescales we will begin to consider and explore the contractual intervention options available.

Compliance and the End of the Notice Period

10. As you have already started to consider what improvements to governance are needed, compliance with this Notice will be demonstrated when:
 - the conditions set out in Annex B have been met;
 - the measures in the action plan are in place and have been validated by the EFA if appropriate; and
 - we have received and reviewed your audited accounts due to be submitted by the Trust in December.

At that point this Notice will no longer apply and we will write to the Trust again to confirm the Notice has been lifted.

Specific Actions Required

The Trust is required to respond to the specific concerns listed below and provide an action plan to fully address our concerns.

The Trust is required to provide an action plan that sets out:

- Robust arrangements for ensuring that AET members and Directors have sufficient oversight of the financial position of the Trust and its constituent academies.
- The actions the Trust will take to ensure future oversight and challenge is effective.
- The improvements you propose to make and when in order to: (1) strengthen the forecasting of individual academy financial performance, and (2) ensure that systems for challenging academy financial performance have maximum impact in practice.
- The action that will be taken and when to bring individual academies out of cumulative deficit, and to address large in-year deficits.
- The action that will be taken to consolidate the financial position of individual academies so that future deficits are avoided, and in particular to ensure resilience to falls in pupil numbers and the other “key themes” listed on page 1 of your letter of 3 October 2014.
- The savings you plan to make on AET central services, including in respect of procurement.