



Education  
Funding  
Agency

**Education Funding Agency  
Sanctuary Buildings  
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Westminster  
London SW1P 3BT**

**Tel: 0370 000 2288**

**Email enquiry form:**

**[www.education.gov.uk/help/contactus](http://www.education.gov.uk/help/contactus)**

**Date: 17 December 2014**

Ms Zenna Atkins  
Chair of Governors  
Portslade Aldridge Community Academy  
Chalky Road  
Portslade, Brighton  
East Sussex  
BN41 2WS

Dear Ms Atkins

### **Financial Notice to Improve (FNtI)**

I am writing to you in your capacity as the Chair of Governors for Portslade Aldridge Community Academy (“the Trust”) about the financial position of the Trust.

As you know, discussions have been continuing between the Trust and the Education Funding Agency (EFA) about the financial position of the Trust and the prediction of a significant budget deficit over the next five years. I am aware of recent work by the Trust to address these serious concerns. However, I have assessed the concerns including the need for advances of funding in the New Year in order for the Trust to meet its immediate expenditure requirements and, as a result, I am writing with my decision to issue a Financial Notice to Improve (“the Notice”) to the Trust.

This letter and its annex serve as a written notice to improve financial management and control at the Trust. It reflects the weak financial position of the Trust and the immediate need for an advance of funding.

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.

Upon receipt of this Notice, all of the delegated authorities as identified in the 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 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, which all academies must comply with by virtue of the terms of the FA. 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] and send your formal response by 26 January 2015.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Sue Baldwin'. The signature is fluid and cursive, with the first name 'Sue' being more prominent and the last name 'Baldwin' following in a similar style.

Sue Baldwin  
Director, Academies and Maintained Schools

cc: Sir Rod Aldridge (Sponsor)

**Portslade Aldridge Community Academy (PACA)**

**Ref: PACAFNtI01**

**Conditions**

1. The Education Funding Agency (EFA) has decided to issue a Financial Notice to Improve (the 'Notice') as a consequence of Portslade Aldridge Community Academy ("the Trust"):
  - a. Accruing a significant forecast cumulative deficit.
  - b. Experiencing significant cash flow difficulties which require an advance of GAG of £100,000 in January 2015.
2. The Trust is required to:
  - a. Fully repay the agreed advance of GAG of £100,000.
  - b. Provide a revised recovery plan by 26 January 2015 which significantly reduces the forecast deficit. This plan should:
    - Return the Trust to a surplus position as quickly as possible;
    - Include clear plans to repay any funding requested, with repayments starting as soon as possible in the period covered by the plan. This should include consideration of the long-term position of the Trust beyond 2019/20 as necessary;
    - Demonstrate that every possible economy is being made to reduce the overall amount of deficit – including in relation to curriculum provision and staffing costs; and
    - Include an updated cash-flow forecast.
3. 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 recovery plan and internal control action plan is fully implemented; and
  - The EFA must be satisfied that the Trust is doing everything it can to rectify the weaknesses identified.

## **Timescales**

4. The Trust must review and submit the revised recovery plan to the EFA by 26 January 2015.
5. We will agree further milestones as part of the finalisation of the Trust's recovery plan actions.

## **Monitoring and Progress**

6. The Trust is required to meet the specific conditions outlined above to enable the EFA to monitor compliance and progress.
7. The Trust must supply the EFA with monthly financial monitoring information by the 20th working day of each month for one year from the date of this Notice. The frequency of the financial monitoring information will be agreed with the Trust after this.
8. 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 EFA will begin to consider and explore the contractual intervention options available.

## **Compliance and the End of the Notice Period**

9. Compliance with this Notice will be demonstrated when:
  - a. The Trust has met the conditions set out above;
  - b. The EFA receives financial information clearly demonstrating that no further financial support will be required and that any advances of funding can be repaid in line with agreed terms;
  - c. The EFA receives audited financial statements with an unqualified audit opinion, which confirm that the Trust is performing, at minimum, to the standards agreed in the recovery plan; and
  - d. The EFA receives an auditors management letter which does not raise concerns.
10. When the Trust meets the conditions outlined in this annex, the Notice will no longer apply and the EFA will write to the Trust again to confirm that the Notice has been lifted.