



Education
Funding
Agency

Department for Education
Sanctuary Buildings
Great Smith Street
London
SW1P 3BT

Tel: 0370 000 2288
Email enquiry form:
www.education.gov.uk/help/contactus

12 August 2014

[REDACTED]
[REDACTED]
Visions Learning Trust
Victoria Mill
Trafalgar Street
Burnley
Lancashire
BB11 1RA

Dear [REDACTED]

I am writing to you in your capacity as [REDACTED]
[REDACTED] of Visions Learning Trust (“the Trust”) about the financial position of the Trust and further to our “minded to” letter dated 27 March 2014.

As you are aware, the Education Funding Agency (EFA) has been monitoring the Trust’s progress towards meeting the conditions set out in the “minded to” letter and the associated Annexes A – C. The EFA reserved the right to progress to issuing a Financial Notice to Improve (the “Notice”), should any of these conditions not be met; which includes that the Trust should demonstrate fully how it will achieve a balanced budget by 2015/16 and repay the requested advance of funds to the EFA (Annex A, condition 2).

Whilst the Trust has complied with most conditions of the “minded to” letter, the final recovery plan received from the trust on 7 July shows that a further advance of funds of £95,000 would currently be required in 2015/16. As a result of this, together with the substantial repayable support of £160,000 and £230,000 required in 2013/14 and 2014/15 respectively; I am now issuing this Notice. This letter and its Annexes serve as written notice to improve financial management, control and governance at the Trust. The Trust is required to comply with the conditions of this Notice as set out in Annex A.

Upon receipt of this Notice, all delegated authorities and freedoms identified in Part 2 of the current Academies Financial Handbook (AFH), will be revoked. All transactions by the Trust covered in Part 2 of the current handbook, regardless of size, must come to the EFA for approval. These delegated authorities will 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. In addition, the Notice will be published in due course at www.gov.uk/df.

We will continue to monitor progress made towards meeting the requirements associated with this Notice. We will lift the Notice when the requirements set out in Annex A have been met, including the submission of unqualified 2013/14 accounts; agreement of a revised recovery plan, which demonstrates that the Trust can manage without a further advance of funds in 2015/16; and satisfactory progress against the recovery plan in 2014/15. In the event that the Trust fails to meet the requirements of this Notice we will need to consider the contractual intervention options set out in the Trust's funding agreement.

I should be grateful if you would acknowledge receipt of this letter and provide a formal response recognising the requirements associated with this Notice within 5 days of the date of this letter. This should be sent by e-mail to [REDACTED]. I have also sent a copy of this letter to the Chair of the Governing Body.

Yours sincerely



Tony Foot

Director (Acting), Academies and Maintained Schools Group

c.c. Steve Gray, Chair of Governors

Visions Learning Trust**Conditions**

1. The Education Funding Agency (EFA) is issuing a Financial Notice to Improve (the 'Notice') as a consequence of:
 - the Trust's failure to balance its budget;
 - the Trust's requirement for financial support from the EFA;
 - the Trust's failure to submit final audited 2012/13 financial statements by the deadline of 31 December 2013;
 - EFA's on-going concern about the Trust's ability to manage its finances effectively in order to achieve financial recovery.
2. The Trust is required to:
 - Submit a revised recovery plan by 30 November 2014, and demonstrate fully how the Trust will achieve a balanced budget by 2015/16, and repay the requested advance of funds to the EFA;
 - • Submit their signed, audited 2013/14 financial statements to EFA by 31 December 2014 and comply with the funding agreement requirement to submit all future audited financial statements to EFA by 31 December each year, without qualification;
 - Demonstrate satisfactory progress against the recovery plan in 2014/15.
3. The Trust should supply the EFA with monthly progress reports on the work undertaken and the improvements and outcomes achieved, as detailed in Annex C for the first 12 months of the Notice. The frequency of the progress reports thereafter will be determined by the EFA based on progress against the Trust's recovery plan received on 30 November 2014.
4. The Trust should contact the EFA at an early stage if it believes that financial performance is falling behind the schedule set out in the recovery plan.

Compliance and End of Notice Period

5. Compliance with this Notice will be demonstrated by submission of unqualified 2013/14 accounts by 31 December 2014; receipt of a revised recovery plan by 30 November which demonstrates that the Trust can balance its budget for 2015/16 without the need for a further advance of funds from EFA; and satisfactory progress against the recovery plan in 2014/15. We reserve the right to revisit the compliance conditions following receipt of the revised recovery plan.
6. 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.

1. The recovery plan provided by the Trust on 07 July 2014 provides a challenging strategy to increase pupil numbers, increase commercial income and stabilise financial health, in order to secure the Trust's long-term viability. However, it includes a requirement for a further advance of funds of £95,000 in 2015/16, when the Trust had previously projected a balanced budget in that year.
2. To help the Trust recover, the EFA has already provided an advance of funding of £160,000 for 2013/14. A subsequent advance of £260,000 for 2014/15, based on the recovery plan received on 07 July has now been approved. In each case, the Trust's repayments will take place within 12 months of the advance.
3. The EFA will review the Trust's monthly progress reports, set out in Annex C, against the agreed recovery plan, to ensure compliance with the Notice.
4. The Trust should ensure they achieve delivery of appropriate financial savings and that increased commercial income is realised.
5. The Trust should take all appropriate action to ensure the agreed recovery plan is fully implemented, strengthening the control and governance procedures where necessary.
6. The Trust should ensure that financial recovery is consistent with the agreed recovery plan, sustained until 31 August 2017, as evidenced in the audited financial statements for that year, demonstrating no further requirement for deficit funding.
7. The Trust should take all appropriate action to ensure that the audited financial statements for any years from 1 September 2013 up to 31 August 2017 do not include an audit qualification or adverse regularity opinions.

Financial Reports

1. We expect the Trust to continue to supply the following financial information by the 10th of each month until further notice:
 - a. A revenue income and expenditure report setting out:
 - The budget for the current academic year to date;
 - Actual results for the current academic year to date;
 - A narrative explaining any significant variances for the year to date;
 - The budget for the current full academic year as stated in the recovery plan;
 - The latest forecast for the current full academic year;
 - A narrative explaining any significant variances for the current full academic year.

Income and expenditure classifications in this report should follow those in the recovery plan.

- b. A balance sheet showing the position at the end of the last calendar month and forecast to the end of the academic year.
- c. A detailed monthly cash flow forecast rolling forward 12 months ahead.
- d. Updates on pupil recruitment for 2014/15 every second month from the date of this Notice.

This financial information should be emailed to [REDACTED] and [REDACTED] at [REDACTED] and [REDACTED]