



Education
Funding
Agency

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

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

22 August 2016

Mr John Tizard
Chair of Governors
The Isle of Portland Aldridge Community
Academy Trust
Royal Manor Campus
Weston Road
Portland DT5 2RS

Dear Mr Tizard

Financial notice to improve: The Isle of Portland Aldridge Community Academy Trust

I am writing to you in your capacity as Chair of The Isle of Portland Aldridge Community Academy Trust (“the trust”).

I recognise the collaboration and extensive discussions that have taken place between the trust and officials. However my concerns remain in relation to the weak financial management and inadequate governance at the trust.

This letter and its annex 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 around 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 (“the Notice”). These terms are set out in Annex A. In addition, the Notice will be published in due course on gov.uk.

Upon receipt of this Notice, all of the delegated authorities as identified in the AFH (sections 3.6-3.10) 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. 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 by 27 August to

[REDACTED]

I am copying this letter to Joss Hayes (Principal of the academy) and to Rebecca Clark (the Regional Schools Commissioner (RSC) for the South West).

I look forward to hearing from you.

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 Group

CC. Ms Joss Hayes, Principal
Ms Rebecca Clark, RSC

Ref: IPACAFNTI20160818

Financial notice to improve

1. The Education Funding Agency (EFA) has decided to issue a Financial Notice to Improve (the 'Notice') to The Isle of Portland Aldridge Community Academy Trust (the trust) as a result of the trust's:
 - Failure to ensure robust governance arrangements (AFH 2.1.3);
 - Failure to ensure good financial management and effective internal controls (AFH 2.2.4).

Conditions

2. We require the trust to:
 - a. Commission an independent review with recommendations in order to determine what action needs to be taken immediately to address the concerns about governance oversight and weak financial management of the trust. The Terms of Reference for the review and the CV of the individual or company to be appointed must be agreed with the EFA in advance and no later than 15 September 2016 and the review completed by 4 November 2016. The trust must share all draft and final reports from the review with the EFA. The review must consider, as a minimum:
 - i. whether and how the governance arrangements currently in place at IPACA provide assurance that the trust is able to fulfil all of its responsibilities to comply with the Funding Agreement and the Academies Financial Handbook 2016 and, if not, what gaps there exist in the trust and how they may be addressed;
 - ii. the current skills of the governors, directors and members of the trust, what gaps exist and how those gaps could be addressed, including the potential to join a Multi-Academy Trust;
 - iii. the financial management and internal controls in place and whether they provide the necessary level of assurance to protect public funds in line with the Academies Financial Handbook; and
 - iv. whether the Accounting Officer and the executive team has the necessary skills, experience and knowledge to provide 'assurance to Parliament, and the public, of high standards of probity in the management of public funds, particularly: value for money, regularity, propriety', in line with the AFH (AFH 1.15.19).
 - b. Prepare and submit an action plan setting the steps they will take to address the issues identified by the independent review. That action plan must be submitted to the EFA no later than 2 December 2016.

- c. Prepare and submit a revised financial recovery plan for the trust. The plan should be externally validated by an expert (such as those available at the Association of School and College Leaders, the National Association of Head Teachers or the National association of School Business Management). The plan must be submitted no later than 14 October 2016. A contribution to statutory redundancy costs may be considered as part of the recovery plan and the plan must include, as a minimum:
 - i. how the trust will achieve a balanced budget by the end of the 2018/19 academic year, and each year thereafter up to 2020/21. This must be supported by robust budget forecasts through to 2020/21 with evidence to support realistic pupil number forecasts;
 - ii. a clear timetable for recovery of the repayable deficit funding already received (£520,000 is outstanding); and
 - iii. a clear efficiency and savings plan setting out specific areas where further savings can be made to include further staffing efficiencies if needed.

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.
4. The Trust should take all appropriate actions to ensure an action plan is fully implemented.
5. The EFA must be satisfied that the Trust is doing everything it can to rectify the weaknesses identified.

Timescales

6. The trust must meet the timescales as set out above.

Monitoring and progress

7. The trust is required to meet the specific conditions outlined above to enable the EFA to monitor compliance and progress. The trust should contact the EFA at an early stage if it believes that performance is falling behind the schedule set out in the action plan.
8. The EFA reserves the right to amend and add further specific conditions should they be required. 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.

9. The trust must provide quarterly returns on the budget position and the progress on savings initiatives by working day 5 of the relevant month, beginning September 2016. The EFA will provide the format and content of the report for the updates. If the academy moves into a multi academy trust we will review the frequency of these returns.

Compliance and the end of the notice period

10. Compliance with this Notice will be demonstrated when:

- the trust demonstrates compliance with all financial returns required as a consequence of this Notice and as part of the funding agreement;
- the Conditions set out above have all been met and we are satisfied that the underlying weaknesses in financial management and governance have been addressed;
- the trust requests approval from the EFA for any actions under the revoked freedoms in Part 3 and Annex B of the AFH. These requests should be sent to the EFA using the efa-enquiry-form
- the EFA receives audited financial statements with an unqualified audit opinion by 31 December 2016;
- the EFA receives the auditors' management letter which does not raise concerns by 31 December 2016;
- financial recovery consistent with the agreed recovery plan is demonstrated as evidenced in the budget forecast return and the audited financial statements for that year;
- no late returns, audit qualification, or adverse regularity opinions are recorded in the audited financial statements for the period until this Notice is lifted;
- funds owed are recovered in line with the agreed timetable.

11. When the Trust meets the conditions outlined in this annex, the EFA will write to the Trust to confirm that the Notice has been lifted.