



Education  
Funding  
Agency

Education Funding Agency  
Sanctuary Buildings  
Great Smith Street  
London  
SW1P 3BT  
Tel: 0370 000 2288  
[efa-enquiry-form](#)

29 June 2016

Mr Desmond Jaddoo  
Chair of Trustees  
CUL Academy Trust  
69 Aston Road North  
Aston  
Birmingham  
B6 4EA

Dear Mr Jaddoo

### **Financial Notice to Improve – CUL Academy Trust**

I am writing to you in your capacity as the Chair of CUL Academy ('the Trust').

I recognise the cooperation and extensive discussions that have taken place between the Trust and officials. However, my concerns remain in relation to the weak financial management and governance controls of the Trust and the impact of this on the Trust's current and future position.

This letter and its annex serve as a written notice to improve financial management, control and governance at the Trust. It reflects the continued concerns regarding the weak financial controls, governance and oversight of financial management at the Trust.

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. The Notice will be published in due course on [www.gov.uk](http://www.gov.uk).

On 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 the 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 the 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 within 3 working days of the date of this letter to [REDACTED].

I am copying this letter to Wayne Henry, the Principal and Accounting Officer, and Pank Patel, the Regional Schools Commissioner for the West Midlands.

I look forward to hearing from you.

Yours sincerely

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

Sue Baldwin  
Director, Academies and Maintained Schools Group

cc: Wayne Henry, Accounting Officer  
Mr Pank Patel, Regional Schools' Commissioner for West Midlands

**Ref: FNtICUL20162306**

### **Financial Notice to Improve**

1. The Education Funding Agency (EFA) has decided to issue a Financial Notice to Improve (FNtI) as a consequence of:
  - the weaknesses in financial management and governance highlighted during a financial management and governance review, recorded in the associated report dated May 2016.
  - breaches of the Academies Financial Handbook (AFH) relating to audited financial statements, accurate budget forecast returns risk identification and internal controls.

### **Conditions**

2. We require the Trust to:
  - commission a full and independent review of financial management and governance across the Trust which should include, as a minimum, an assessment of the oversight exercised by the trust board, as well as a skills audit of the current members and trustees. The Terms of Reference for that review must be agreed within the EFA no later than 12 July, with the CV of the individual or company the trust seeks to carry out the review to be agreed with the EFA no later than 26 July. The review must be completed by 5 September 2016 and the Trust must share all draft and final reports from the review with the EFA.
  - prepare and implement an action plan to address both the recommendations of the financial management and governance review report dated May 2016 and the underlying weaknesses in financial management and governance within the Trust. The plan must also cover those failures identified by the independent review, including any gaps in the existing skills mix of members and / or trustees so as to ensure the Trust is compliant with the AFH. The action plan should be submitted no later than 23 September 2016.
  - submit the Budget Forecast Return (BFR) by the deadline required by the Education Funding Agency in all future years.
  - submit 2015/16 accounts by the deadline required by the Education Funding Agency with an unqualified audit report in all future years.

### **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 any control weaknesses identified.
4. The Trust should take all appropriate actions to ensure the 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 must provide a written monthly update of action undertaken, on the 10th of each month commencing in July 2016; initially for the first 12 months of the Notice. The frequency of the reports thereafter will be determined by the EFA, based on progress against the Trust's 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. All information should be emailed to [REDACTED]. Please contact [REDACTED] if you are in any doubt as to the content or format of these monthly reports.

### **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 milestones within the action plan to address the underlying weaknesses in financial management and governance are discharged.
  - 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 the Budget Forecast Return, by 31 July 2016.
  - 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.
11. When the Trust meets the conditions outlined in this annex, the Notice will no longer apply and the EFA will write to the Trust to confirm that the Notice has been lifted.