



Education
Funding
Agency

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

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

11 February 2016

Mr M Harrison
Accounting Officer
Swinton High School
Sefton Road
Pendlebury
Manchester
M27 6JU

Financial notice to improve – ref: FNT\SHSAT110216

Dear Mr Harrison

I am writing to you in your capacity as Accounting Officer of Swinton High School (the “Trust”).

The Education Funding Agency (EFA) has reviewed the Trust’s proposed recovery plan and considered whether it meets the conditions set out in the letter issued by Kate Copley on 9 December. I am concerned that the submitted plan does not meet the specified conditions and there are underlying structural problems which need to be addressed by the Trust. Having considered all of the evidence, I am now writing with a final decision to issue a Financial Notice to Improve to the Trust.

This letter and its annex, which will be published and made available to the public in due course, serve as a written notice to improve financial management, control and governance at the Trust. It reflects the loss of financial control 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. You should note that no additional financial support will be provided until the relevant requirements in the annex have been met.

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 provided 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 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 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 on the severity of the breach, this may be considered a material breach of the terms of the FA and lead to termination

I would be grateful if you could acknowledge receipt of this letter by email within three working days of the date of this letter to [REDACTED]. You should also send [REDACTED] your formal responses by the dates specified in the Notice.

I am copying this letter to Mrs Jacky Davies, Chair of Governors and Mrs Vicky Beer, Regional Schools Commissioner (RSC) for Lancashire and West Yorkshire (LWY).

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

CC: Mrs Jacky Davies (Chair)
Mrs Vicky Beer (RSC for Lancashire and West Yorkshire)

Swinton High School Academy Trust (“the Trust”)

Ref: FNTISHSAT110216

Conditions

The Education Funding Agency (EFA) has decided to issue a Financial Notice to Improve (the ‘Notice’) as a consequence of the Trust:

- failing to provide a recovery plan which meets the previously specified conditions
- failing to ensure robust financial management, control and oversight; and
- requiring additional financial support from EFA

Financial management

1. The Trust recently provided a recovery plan which did not meet the EFA’s specified requirements. We require a robust plan which:
 - achieves an in-year surplus by 31 August 2017 and a cumulative surplus by 31 August 2018, and
 - clearly details any requirement for future EFA support and dates of repayment. Any requirement must be kept to a minimum and should be fully repaid by 31 August 2018 at the latest

No EFA financial support will be provided until a recovery plan which meets these financial criteria has been submitted.

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

Governance

2. The Trust is required to strengthen financial management and governance. Specifically this should include:
 - conducting an external review, the scope of which should be agreed with the EFA, to ensure that the necessary financial management and governance controls and procedures are in place. The terms will include the following:
 - a. ensure that proper arrangements are put in place whereby the governing body is able to hold to account independently the Accounting Officer and other members of the executive management team

- b. ensure all governors are aware of their responsibilities as directors under the Companies Act and as trustees under Charity Commission guidance; and
 - c. ensure strong processes are in place for the Trust to monitor adequately financial performance and the financial risks to its operations.
- This review should be completed by 30 May 2016 and consider whether the governing body has the right mix of skills and experience to oversee the financial recovery and ensure value for money in the Trust's operations. The findings of that review should be shared with the EFA, together with an action plan for implementation of the review's recommendations by 23 June 2016.

Timescales

3. The Trust must submit the revised recovery plan to the EFA by 31 March 2016 and the results of the governance and leadership review by 23 June 2016.
4. We will agree further milestones as part of the finalisation of the Trust's recovery plan actions.

Monitoring and progress

5. Once the recovery plan has been agreed the Trust will be required to meet additional specific conditions to enable the EFA to monitor compliance and progress.
6. We will expect the Trust to supply the following financial information on a monthly basis for a period of 12 months from agreement of the plan. The frequency of the reports thereafter will be determined by the EFA, based on progress against the recovery plan:
 - A revenue income and expenditure report setting out:
 - a. The budget for the current academic year to date;
 - b. Actual results for the current academic year to date;
 - c. A narrative explaining any significant variances for the year to date;
 - d. The budget for the current full academic year as stated in the recovery plan;
 - e. The latest forecast for the current full academic year;
 - f. 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:
 - a. a balance sheet showing the position at the end of the last calendar month and forecast to the end of the academic year; and,
 - b. a detailed monthly cash flow forecast rolling forward 12 months ahead.
7. All information should be emailed to, [REDACTED].

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 agreed 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 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.
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.