



Education  
Funding  
Agency

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

6 May 2016

Mr Michael Sharpe  
Chair of Governors  
The Hinckley Academy and John Cleveland Sixth  
Form Centre Academy Trust  
Butt Lane  
Hinckley  
Leicestershire LE10 1LE

Dear Mr Sharpe

**Financial Notice to Improve – The Hinckley Academy and John Cleveland Sixth Form Centre Academy Trust**

I am writing to you in your capacity as the Chair of The Hinckley Academy and John Cleveland Sixth Form Centre Academy Trust (“the Trust”).

I am grateful for the cooperation and extensive discussions that have taken place between the Trust and the Education Funding Agency however I remain concerned about the weak financial position of the Trust and its inability to balance the budget. I recognise that the Trust has had to meet costs as a result of its re-structuring programme however, your proposed recovery plan indicates a weak long term financial position requiring further advances over and above those already granted. We will need to complete discussions regarding the recovery plan and we may make some minor amendments to the conditions detailed in this annex as a result.

This letter and its annex serve therefore as a written notice for the Trust to improve financial management and controls, alongside taking immediate action to secure a balanced budget at the earliest opportunity.

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 [www.gov.uk](http://www.gov.uk).

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. 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]

I am copying this letter to Jennifer Bexon-Smith, Regional Schools Commissioner (RSC) for East Midlands and the Humber and to Paul Craven, Principal Accounting Officer.

I look forward to hearing from you.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Sue Baldwin', with a stylized, cursive script.

**Sue Baldwin**

**Director: Academies and Maintained Schools Group**

Cc Paul Craven (Principal Accounting Officer)  
Jennifer Bexon-Smith (RSC for East Midlands and the Humber)

**The Hinckley Academy and John Cleveland Sixth Form Centre Academy Trust**

**Summary**

1. The Education Funding Agency (EFA) has decided to issue a Financial Notice to Improve (the 'Notice') as a consequence of the Trust's:
  - failure to balance the budget
  - failure to submit the 2014/15 financial statements by the deadline of 31 December 2015

**Conditions**

2. We require the Trust to implement a deficit recovery plan which sets out a balanced budget. This plan should:
  - clearly demonstrate full financial recovery, repayment of funds owed and achievement of a balanced budget within an agreed timeframe
  - demonstrate that every possible economy is being made to reduce the overall amount of deficit to include a review of the curriculum and staffing costs
  - ensure compliance with the funding agreement, to enable all financial returns to be submitted to the EFA on time and without qualification over the period of this Notice
3. The Trust is required to strengthen financial management and governance and provide an action plan to the EFA to make sure that:
  - the necessary financial management and governance controls and procedures are in place
  - the governing body has the right mix of skills and experience to oversee the financial recovery, and implement the longer term plans of the Trust in order to minimise financial risks to its operations.
  - 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 leadership team
4. The Trust is required to contact the EFA at an early stage if it believes that performance is falling behind the schedule set out in the recovery plan.
5. 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

- the Trust must satisfy the EFA that it is doing everything it can to rectify the weaknesses identified

### **Monitoring and Progress**

6. The Trust should supply bi-monthly updates against the financial management and governance action plan starting in June.
7. The Trust should supply quarterly financial monitoring information on the 10th of the relevant month, starting in July, initially for the first twelve months of the Notice. The frequency of the reports thereafter will be determined by the EFA, based on progress against the Trust's recovery plan.
8. The following items should be included in this return:
  - a revenue income and expenditure report setting out the financial position, set against both budget and forecast position and with a narrative explaining significant variances. (Income and expenditure classifications in this report should mirror those in the recovery plan)
  - a balance sheet showing the position at the end of the previous quarter and forecast to the end of the academic year
  - a detailed monthly cash flow forecast rolling forward 12 months ahead
  - information on changes to the school's pupil number projections
9. This information should be emailed to [REDACTED]. Please contact [REDACTED] if you are in any doubt as to the content or format of these quarterly reports.
10. 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.

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

11. Compliance with this Notice will be demonstrated when:
  - financial recovery consistent with the agreed recovery plan has been sustained until 31 August 2018, as evidenced in 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 years 1 September 2015 to 31 August 2018
12. 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.