



Education
Funding
Agency

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

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

14 November 2016

Mrs Claire Emery
Chair of Governors
The Ridings Federation of Academies
Trust
High Street
Winterbourne
Bristol BS36 1JL

Dear Mrs Emery

Financial notice to improve: The Ridings Federation of Academies Trust

I am writing to you in your capacity as the Chair of The Ridings Federation of Academies Trust (“the Trust”).

The EFA recognises the scale of the historic challenges that you have faced since you took up post on 1 September 2016. I also recognise the progress you and present trustees have made during your short time as Chair of Governors and I am grateful for the extensive collaboration and productive discussions that have taken place between the trust and officials. However, my concerns remain in relation to the current financial position of 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 18 November 2016 to [REDACTED].

I am copying this letter 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 'M. Pettifer', written over a light blue horizontal line.

Mike Pettifer
Director: Academies and Maintained Schools Group

CC. Ms Rebecca Clark, RSC South West

Financial notice to improve

1. The Education Funding Agency (EFA) has decided to issue a Financial Notice to Improve (the 'Notice') to The Ridings Federations of Academies 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 of financial management and governance at the trust 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 6 January 2017 and the review completed by 3 February 2017. 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 the trust provide assurance that the trust is able to fulfil all its responsibilities to comply with the Funding Agreement and the Academies Financial Handbook 2016 and, if not, what gaps 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
 - 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
 - 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 out the steps the trust will take to address the issues identified. The action plan must be submitted to the EFA no later than 17 February 2017.
 - c. Prepare and submit a revised 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 17 February 2017 and must include, as a minimum:

- i. how the trust will achieve a balanced budget by the end of the 2017/18 academic year, and each year thereafter. This must be supported by robust budget forecasts with evidence to support realistic pupil number forecasts
- ii. a clear timetable for recovery of the repayable deficit funding
- iii. a clear efficiency and savings plan setting out specific areas where further savings can be made to include further staffing efficiencies if needed
- iv. quarterly financial management reports from month ending 30 November 2016

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 December 2016. The EFA will provide the format and content of the report for the updates.

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 2018
- the EFA receives the auditors' management letter which does not raise concerns by 31 December 2018
- 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
- funds owed are recovered in line with the agreed timetable

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.