



Education
Funding
Agency

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

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

13 June 2016

Ms S Jeffreys Accounting Officer & Dr
Simon Mardel OBE – Chair of Governors
Chetwynde School
Croslands
Rating Lane
Barrow in Furness
LA13 0NY

Dear Ms Jeffreys and Dr Mardel

Financial notice to improve: Chetwynde School

I am writing to you both in your capacity as Accounting Officer and Chair of Governors for Chetwynde School Trust ('the Trust') as a result of the Trust's failure to demonstrate appropriate levels of financial management and governance.

Further to Kate Copley's letter to you dated 29 April 2016, the Education Funding Agency (EFA) has been monitoring the Trust's progress towards meeting the requirements of the Academies Financial Handbook (AFH). I remain concerned about the failure in governance and financial management and control which led to the Trust's 2014/15 accounts accompanying management letter citing a number of actual and potential material weaknesses in the accounting practice and internal control systems of the Trust. There have been continuing issues with provision of information on the Trust's current financial position and quality of data returns. The Trust has also been slow to recognise and tackle issues around safeguarding at the site. The evidence reviewed does not provide the EFA with assurance of good financial management and governance and breaches elements of the Academies Financial Handbook (AFH) 2.1.8, 2.3.1-3.

This letter and its annex consequently serve as a written notice to improve financial management, control and governance at the Trust. It reflects the continued concerns about governance and the oversight of financial management by the Board.

The Trust is required, pursuant to the provisions of the Academies 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.

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.

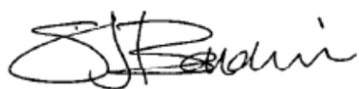
We will monitor progress made towards meeting the requirements associated with this Notice. We will lift the Notice when the requirements set out in the annex have been met. In the event that the Trust fails to meet the requirements of this Notice, to the satisfaction of the Secretary of State, the Trust 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 would be grateful if you would acknowledge receipt of this letter and provide a formal response recognising the requirements associated with this Notice within three working days of the date of this letter. This should be sent by e-mail to [REDACTED].

I am copying this letter to Jan Renou, Regional Schools Commissioner for the North.

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. Jan Renou, Regional Schools Commissioner

Financial notice to improve

1. The Education Funding Agency (EFA) is issuing a Financial Notice to Improve (the 'Notice') as a consequence of:
 - the Trust's failure to demonstrate adequate financial control
 - the Trust's inability to provide assurance on its current and future financial position
 - the Trust's failure to demonstrate appropriate financial management and governance oversight and control

Conditions

2. The Trust is required to:
 - provide a 3-year financial recovery plan (from 2016/17 to 2018/9) that shows in-year and cumulative surpluses across the period
 - provide monthly management accounts that accurately show the current and forecast financial position, including a rolling 12 month cash flow forecast and which demonstrate that no requests for financial support will be made to the EFA
 - ensure that it is complying with requirements to submit financial returns to the EFA including the Budget Forecast Return and audited financial statement of accounts by the prescribed deadline and without qualification
 - undertake an external review of financial management and governance controls, carried out by independent qualified persons agreed by the EFA
3. The Trust is required to provide assurance that the Accounting Officer, Chair of Governors and Chief Financial Officer have the qualifications, skills and abilities to carry out their roles effectively. As a minimum we would expect:
 - the Trust to compile a corporate scheme of delegation, setting out the clear role, responsibilities and duties of the Accounting Officer and providing assurance that the individual is a fit and suitable person for the role
 - the Trust to provide assurance that an appropriately qualified or experienced Chief Financial Officer is in place
4. The Trust should contact the EFA at an early stage if it believes that financial performance is falling behind the budget as stated in its 3 year plan. In particular the Trust must contact the EFA immediately if inadequate cash flow is threatening operating solvency.

Financial management requirements

5. The Trust is responsible for its own financial management, control and governance and is expected to take appropriate action to strengthen the weaknesses identified.

6. The Trust should take all appropriate actions to ensure a recovery plan which meets the requirements of this Notice is fully implemented.
7. The EFA must be satisfied that the Trust is doing everything it can to rectify the weaknesses identified.

Timescales

8. The Trust must provide the corporate scheme of delegation by 8 July 2016.
9. The Trust must submit a financial plan which meets the requirement set out above by 30 June 2016.
10. The Trust must supply monthly management reports as set out below for the first 12 months of the Notice. The frequency of the progress reports thereafter will be determined by the EFA by 30 June 2017, based on the trust's progress against its financial plan.
11. The Trust must submit its annual Budget Forecast Return and audited accounts to the EFA by the stipulated deadline.

Monitoring and progress

12. The Trust is required to meet the specific conditions outlined above to enable the EFA to monitor compliance and progress.
13. We expect the Trust's monthly management reports to set out:
 - the budget for the current academic year to date and full year
 - actual results for the current academic year to date and full year
 - a narrative explaining any significant variances for the year to date and full year
 - a balance sheet showing the position at the end of the last calendar month and forecast to the end of the academic year
 - a detailed monthly cash flow forecast rolling forward 12 months ahead

This information should be emailed to [REDACTED].

14. The EFA reserves the right to amend and add further specific conditions to this Notice should they be required.
15. 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

16. Compliance with this Notice will be demonstrated when:
 - the Trust's performance against its financial plan satisfies the EFA that no financial support will be required

- 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 us using the [efa-enquiry-form](#)
- all returns due to the EFA are submitted on time, without qualification or commentary that raises concerns, up until and including the 2018/19 audited financial statements

17. When the Trust meets the conditions outlined in this Notice, the Notice will no longer apply and the EFA will write to the Trust again to confirm that the Notice has been lifted.