



Education
Funding
Agency

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

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

14 April 2016

Professor Nick Petford
Chair, Daventry UTC Trust
c/o Ashby Rd
Daventry
NN11 0QE

Dear Professor Petford

Financial Notice to Improve – Daventry UTC

I am writing to you in your capacity as the Chair for Daventry UTC Academy Trust (“the Trust”).

I want to thank you for the leadership you have shown since taking up the position of Chair. I am grateful for the cooperation and extensive discussions that have taken place between the Trust and officials. My concerns remain in relation to the weak financial position and financial management at 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 on 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. The Notice will be published in due course on 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 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 Mr Martin Post, the Regional Schools Commissioner (RSC) for North West London South Central.

I look forward to hearing from you.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Sue Baldwin'. The signature is fluid and cursive, with the first name 'Sue' being more prominent and the last name 'Baldwin' following in a similar style.

Sue Baldwin

Director: Academies and Maintained Schools Group

Cc Mr Martin Post (RSC for North West London South Central)

Financial notice to improve

1. The Education Funding Agency (EFA) has decided to issue a Financial Notice to Improve (the 'Notice') to Daventry UTC ('the Trust') as a consequence of the Trust:
 - failing to balance its budget
 - requiring additional financial support from the EFA to meet its current liabilities

Conditions

2. We require the Trust to:
 - Provide a robust deficit recovery plan which sets out a balanced budget based on realistic pupil numbers whilst outlining plans to repay all outstanding Pupil Number Adjustment (PNA) within this Parliament by April 2020. The recovery plan should be completed on the template that the EFA will provide and must be submitted to the EFA no later than 13 May 2016.
 - Produce an action plan to ensure the Trust is compliant with the Academies Financial Handbook. The action plan must include actions to address material qualifications contained within the latest financial statements submitted to the EFA. The action plan must be submitted no later than 10 June 2016.
 - The Trust must set out its plans to make sure that the Trust is able to attract sufficient pupils to ensure future viability during the recovery period and beyond. This should be included as part of the action plan due to be submitted no later than 10 June 2016.

The Trust is also required to:

- Comply with the funding agreement requirement to submit all audited financial statements to the EFA on time and without qualification over the period of this Notice.
- Contact the EFA at an early stage if it believes that performance is falling behind the schedule set out in its recovery plan.

3. Please note:

- the Trust is responsible for its own financial management, control and governance and is expected to take appropriate action to strengthen any control weaknesses
- 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

4. We expect the Trust to supply monthly financial monitoring information on the 10th of each month commencing in June 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 recovery plan.
5. 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 variance. 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 calendar month and forecast to the end of the academic year.
 - A detailed monthly cash flow forecast rolling forward 12 months ahead.
 - Information on the changes to the school's pupil number projections.
6. 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.
7. 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

8. Compliance with this Notice will be demonstrated when:
 - Financial recovery consistent with the agreed recovery plan has been sustained until 31 August 2019, as evidenced in audited financial statements for that year.
 - Financial information received by the EFA clearly demonstrates that no further financial support will be required and that any advances of funding can be repaid in line with agreed terms.
 - No audit qualifications or adverse regularity opinions are recorded in the audited financial statements for the years from 1 September 2016 to 31 August 2019.
9. 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.