



Education
Funding
Agency

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

5 May 2016

Mr Max Corney
Chair of Governors
The Robert Smyth Academy Trust
Burnmill Road
Market Harborough
Leicestershire
LE16 7JG

Dear Mr Corney

Financial Notice to Improve – The Robert Smyth Academy Trust

I am writing to you in your capacity as Chair of The Robert Smyth Academy Trust (“the Trust”).

As you know, the Education Funding Agency (EFA) has been monitoring the Trust’s progress towards meeting the conditions set out in David McVean’s letter of 18 December 2015. I recognise the cooperation and extensive discussions that have taken place between the Trust and officials. However my concerns remain in relation to the weak financial position and financial management at the Trust, and the Trust’s failure to balance its budget.

This letter and its annex therefore serve as a written notice to improve financial management, control and governance 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. 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 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], [REDACTED].

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

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 stylized.

Sue Baldwin

Director: Academies and Maintained Schools Group

Cc Jenny Bexon-Smith (RSC for East Midlands and the Humber)
Sue Jones (Principal Accounting Officer)

The Robert Smyth Academy Trust

Summary

1. The Education Funding Agency (EFA) has decided to issue a Financial Notice to Improve (the 'Notice') as a consequence of :
 - failing to balance its budget

Conditions

2. We require the Trust to submit and implement a deficit recovery plan which sets out a balanced budget. This plan should:
 - clearly demonstrate full financial recovery, repayment of any funding advances which may be required, and achievement of a cumulative balanced position by 31 August 2018
 - be based on realistic pupil numbers and demonstrate that every possible economy is being made to reduce the overall amount of deficit, including in relation to curriculum provision and staffing costs
 - be externally validated before submitting to the EFA, by no later than 3 June
3. 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 their recovery plan
4. 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

5. The Trust should supply quarterly financial monitoring information on the 10th of the relevant month, commencing 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.
6. 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
7. 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.
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.

Compliance and the End of the Notice Period

9. 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
 - advances of funding can be repaid in line with agreed terms
 - no audit qualification or adverse regularity opinions are recorded in the audited financial statements for the years 1 September 2015 to 31 August 2018
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.