



Education
Funding
Agency

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

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

23 May 2016

Ms J Sheriff
Accounting Officer
Otley Prince Henry's Academy Trust
Farnley Lane
Otley
Leeds
LS21 2BB

Financial notice to improve – Otley Prince Henry's Academy Trust

Dear Ms Sheriff

I am writing to you in your capacity as the Accounting Officer at Otley Prince Henry's Academy Trust ("the Trust").

I recognise the cooperation and extensive discussions that have taken place between the Trust and officials since you submitted a recovery plan to the Education Funding Agency (EFA) in March. However, my concerns remain in relation to the weak financial position and financial management at the Trust; the Trust's failure to balance its budget; and the consequent requirement for financial support from the EFA.

This letter and its annex therefore serve as a written notice to improve financial management, control and governance at the Trust in the light of these concerns.

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 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.

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] at [REDACTED].

I am copying this letter to Mr Tranter, Chair of Governors and Vicky Beer, the Regional Schools Commissioner (RSC) for Lancashire and West Yorkshire.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Sue Baldwin'. The signature is written in a cursive style with a large initial 'S'.

Sue Baldwin

Director: Academies and Maintained Schools

CC: Mr P Tranter Chair of Governors

Vicky Beer RSC Lancashire and West Yorkshire

Otley Prince Henry's Academy Trust

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 its budget
 - the Trust's failure to ensure robust financial management, control and oversight; and
 - the weak financial position at the Trust that requires financial support from the EFA

Conditions

2. The Trust is required to submit and implement a deficit recovery plan which sets out a balanced budget. This plan should:
 - clearly demonstrate full financial recovery, completing the repayment of the financial support provided by the EFA by August 2019 at the latest
 - 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 17 June
 - appoint an appropriate Finance Director as required by the Academies Financial Handbook Para 2.1.10
 - commission an independent review of financial management with Terms of Reference to be agreed with the EFA by 10 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 weaknesses identified
 - the Trust should take all appropriate actions to ensure the recovery plan is fully implemented
 - the EFA must be satisfied that the Trust is doing everything it can to rectify the weaknesses identified

Monitoring and progress

5. The Trust must supply the EFA with quarterly financial monitoring information on the 10th of the relevant month commencing in July 2016 initially for the first 18 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

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.

7. 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

8. Compliance with this Notice will be demonstrated by the delivery of requirements set out in it and when:
 - financial recovery consistent with the agreed recovery plan has been sustained until August 2019 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 2019.
9. When the Trust meets the conditions outlined in this Annex, the EFA will write to the Trust to confirm that the Notice has been lifted.