



Education & Skills
Funding Agency

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

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

6 September 2017

Mr Stephen Ward
Chair of Governors
Rye Academy Trust
The Grove
Rye
TN31 7NQ

Dear Mr Stephen Ward

Financial notice to improve: Rye Academy Trust

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

As you know, the Education and Skills Funding Agency (ESFA) has been monitoring the Trust’s plans to improve its financial position. I recognise the cooperation and extensive discussions that have taken place between the Trust and officials and the changes you have already made to strengthen accounting and internal financial controls. However 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.

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 ESFA 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 Tim Hulme, CEO of Rye Academies Trust and Dominic Herrington, Regional Schools Commissioner for the South East and South London.

I look forward to hearing from you.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'M. Pettifer', with a long horizontal flourish extending to the left.

Mike Pettifer

Director: Academies and Maintained Schools Group

CC. Tim Hulme – CEO, Rye Academies Trust
Dominic Herrington - Regional Schools Commissioner, South East and South London.

Financial notice to improve

1. The Education and Skills Funding Agency (ESFA) has decided to issue a Financial Notice to Improve (the 'Notice') as a consequence of Rye Academies Trust's ('the Trust'):
 - failure to ensure good financial management and effective internal controls (AFH 2.2.4)
 - failure to ensure robust governance arrangements (AFH 2.1.3)
 - Failure to submit the Trust's 2015/16 financial statements by the deadline of 31 December 2016 (AFH 1.4.2)

Conditions

2. The Trust is required to :
 - adhere to the recovery plan agreed with the ESFA (version submitted in June 2017)
 - arrange for its schools to join a strong multi-academy Trust approved by the DfE by 1 September 2018
 - supply the ESFA with monthly financial monitoring information by the 10th working day of each month while this Notice remains in place
 - submit the Budget Forecast Return (BFR) by the deadline required by the Education and Skills Funding Agency
 - submit all future accounts by the deadline required by the Education and Skills Funding Agency
 - develop a clear action plan to ensure that strong governance and oversight is in place on financial management. Specifically, this should include:
 - conducting an external review of governance – with the scope agreed with the ESFA to ensure that the necessary controls and procedures are in place. This review should consider whether the governing body has the right mix of skills and experience to oversee the financial recovery and ensure value for money in the Trust's operations. The findings of that review should be shared with the ESFA
 - ensuring that proper arrangements are put in place whereby the governing body is able to independently hold to account the Accounting Officer and other members of the executive management team
 - ensuring all governors are aware of their responsibilities as directors under the Companies Act and as Trustees under Charity Commission guidance
 - ensuring strong processes are in place for the Trust to adequately monitor financial performance and the financial risks to its operations
 - the action plan, including the scope for the external review, should also be submitted by 29 September 2017

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 ESFA must be satisfied that the Trust is doing everything it can to rectify the weaknesses identified.

Timescales

6. The 2016/17 audited accounts are due to the ESFA by 31 December 2017.

Monitoring and progress

7. The Trust is required to meet the specific conditions outlined above to enable the ESFA to monitor compliance and progress.
8. 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 ESFA 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:
 - The Trust requests approval from the ESFA for any actions under the revoked freedoms in Part 3 and Annex B of the AFH. These requests should be sent us using the [ESFA-enquiry-form](#)
 - The ESFA receives the Budget Forecast Return, by 31 July 2017. This has now been received
 - The ESFA receives audited financial statements with an unqualified audit opinion 31 December 2017
 - The ESFA receives the auditors' management letter which does not raise concerns by 31 December 2017
 - The recovery plan has been adhered to and all funds owing to the ESFA have been repaid
10. When the Trust meets the conditions outlined in this annex, the ESFA will write to the Trust to confirm that the Notice has been lifted.