



Education & Skills  
Funding Agency

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

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

21 March 2018

Philip Haris  
Chair of Trustees  
Engage Multi Academy Trust  
Drayton Old Lodge  
146 Drayton High Road  
Norwich  
NR8 6AN

Dear Mr Haris,

### **Financial notice to improve: Engage Multi Academy Trust**

I am writing to you in your capacity as the Chair of Engage Multi Academy Trust.

As you know, the Education and Skills Funding Agency (ESFA) has been monitoring the Trust's progress towards meeting the conditions set out in my letter of 13 September 2017. 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.

Therefore, 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 our continued concerns regarding the 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] [REDACTED].

I am copying this letter to Sir David Carter, National Schools Commissioner, Sue Baldwin, the Regional Schools Commissioner (RSC) for East of England and North East London and Sandra Govender, Accounting Officer for Engage Trust.

I look forward to hearing from you.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'M. Pettifer', written in a cursive style.

**Mike Pettifer**

**Director: Academies and Maintained Schools Group**

CC. Sir David Carter, National Schools Commissioner  
Sue Baldwin, the Regional Schools Commissioner (RSC) for East of England and North East London  
Sandra Govender, Accounting Officer for Engage Trust

### 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 Engage Multi Academy Trust:

- Accruing a significant deficit.
- Breaching the Academies Financial Handbook (AFH). In particular:

2.2.4 The board of trustees, and any separate committee responsible for finance, **must:**

- ensure good financial management and effective internal controls
  - comply with their funding agreement and this handbook
  - ensure sufficient rigour and scrutiny in the budget management process
  - understand and address variances between the budget that has been set and actual income and expenditure
  - receive and consider information on financial performance at least three times a year, and take appropriate action to ensure ongoing viability
- Failing to provide an independently reviewed estate strategy as requested in the FNtl warning letter issued 13 September 2017.

### Conditions

2. The conditions are:

- a) Draft Governance Review action plan to be provided by 20 April 2018, and compliance with subsequent milestones to be agreed with the ESFA.
- b) Recovery plan to be refreshed with input from School Efficiency Advisor (SEA) provided by the Department for Education, in light of estates review. Revised draft to be provided by 20 April 2018.
- c) Draft finance review action plan, with input from School Efficiency Advisor (SEA) provided by the Department for Education, to be provided by 20 April 2018.
- d) Strengthen the executive team by replacing current Business Manager with a fully qualified accountant and Chief Operating Officer with someone with a proven track record in business management. This is to provide assurance that the trust has the capacity to implement the cost savings required and this must be included in the monitoring reports set out below.
- e) Amend Master Funding Agreement (MFA) and any associated Supplementary Funding Agreements (SFA) to the latest model MFA and SFAs by 27 April 2018.
- f) Provide monthly management accounts by the 22<sup>nd</sup> of each month, with first report due 22 April 2018, in a format to be agreed with ESFA. This should include:
  - Cashflow forecast
  - Progress with the above conditions and progress with implementing recommendations from the finance review (December 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.

### **Monitoring and progress**

6. The Trust is required to meet the specific conditions outlined above to enable the ESFA to monitor compliance and progress.
7. 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**

8. Compliance with this Notice will be demonstrated when:
  - Changes made to executive team to provide assurance that the trust has the capacity to implement the cost savings required.
  - Governance action plan implemented in compliance with milestones agreed with ESFA
  - Recovery plan incorporating recommendations from SEA, agreed with ESFA and implemented with evidence that the Trust is operating within a balanced budget.
  - Finance review action plan agreed with ESFA and implemented to show improvement in financial controls.
  - Master Funding Agreement (MFA) and any associated Supplementary Funding Agreements (SFA) updated to the latest model.
  - 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 2018
  - The ESFA receives audited financial statements with an unqualified audit opinion by 31 December 2018.
  - The ESFA receives the auditors' management letter which does not raise concerns by 31 December 2018.
9. 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.