



Education & Skills
Funding Agency

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

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

April 10 2018

Eunice Evans
Chair of Governors
Ashwell Academy
Snowdon Way
Bransholme
Hull, East Yorkshire
HU7 5DS

Dear Mrs Evans

Financial notice to improve: Ashwell Academy Trust

I am writing to you in your capacity as the Chair of Ashwell Academy (“the Trust”) as the Trust failed to submit audited financial statements and auditor’s management letter by 31 December 2017. This is a formal requirement of the Trust’s funding agreement (FA) as set out in the Academies Financial Handbook (AFH).

Paragraph 1.4.2 of the AFH states:

As companies, academy trusts must produce audited accounts... The audited accounts must be submitted to the ESFA by 31 December each year.

Failure to submit this return is therefore a breach of the AFH and the FA.

As you are aware, the Trust is in intervention with the Education and Skills Funding Agency (ESFA) due to concerns regarding financial management and governance. I acknowledge the steps that the Trust is taking to work with the ESFA to address these. However, the Trust has not adhered to an agreed repayment plan to pay off debts owed to Hull County Council and continues to operate in an in-year and cumulative deficit position.

Section 2.2 of the AFH states:

The academy trust must prepare and monitor financial plans to ensure ongoing financial health.

This letter and its annex serve as a formal notice to improve financial management, control and governance at the Trust. It reflects the financial position of the Trust and continued concerns on governance and oversight of financial management by the Board of Trustees.

The Trust is required, pursuant to the provisions of the AFH and 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. This can be done using the online [ESFA-enquiry-form](#). These delegated authorities shall be returned to the trust providing that the terms set out in the Notice have been complied with on a substantiated basis and 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 Annex A 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 would be grateful if you could direct any queries, and acknowledge this letter within 3 working days of receipt, to [REDACTED].

I am copying this letter to the Accounting Officer – Jacqui Thompson, Chair of the Academy Management Committee – Carol White and Regional Schools Commissioner for East Midlands and the Humber – John Edwards.

Yours sincerely,



Mike Pettifer

Director: Academies and Maintained Schools Group

CC. Jacqui Thompson (Trust Accounting Officer)
Carol White (Chair of the Academy Management Committee)
John Edwards (Regional Schools Commissioner)

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 Ashwell Academy trust ('the Trust') failing to:
 - I. Submit audited financial statements and auditor's management letter to the ESFA as required by 31 December 2017 (AFH 1.4.2).
 - II. Manage cash flow effectively and maintain a balanced budget (AFH 2.2.7).
 - III. Ensure good financial management and effective internal controls (AFH 2.2.4).
 - IV. Ensure robust governance arrangements (AFH 2.1.3).

Conditions

2. The Trust is required to:
 - I. Supply monthly financial management accounts on the first day of the each month, commencing in April 2018 for a minimum of a 6-month period. These should be agreed and signed off by the Accounting Officer and Chair of the trust. The frequency of these reports thereafter will be determined by ESFA, based on progress of the Trust's recovery plan.
 - II. Provide evidence to ESFA of improved and robust measures to ensure compliance, including publication of necessary information on the Trust's website as per the AFH.
 - III. Establish a revised scheme of delegation and evidence its use.
 - IV. Provide a revised financial recovery plan, which must demonstrate that every possible economy is being made to reduce the overall amount of deficit.
 - V. Work with the department to substantially strengthen governance arrangements from March 2018 to September 2018.
 - VI. Provide an integrated curriculum and financial plan and agree actions with ESFA following School Efficiency Advisor deployment.
 - VII. Evidence improving financial projections in the next Budget Forecast Return (BFR), and an eventual sustained cumulative surplus.
 - VIII. Ensure all financial returns are completed by dates required in AFH.
 - IX. Demonstrate ability to achieve long-term financial sustainability and viability at the 2017/18 accounting period.

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 the conditions above are met.
5. The ESFA must be satisfied that the Trust is doing everything it can to rectify the weaknesses identified.

Timescales

6. The Trust must demonstrate strengthened governance arrangements from March 2018 to September 2018.
7. The Trust must engage with a School Efficiency Advisor (SEA) deployed by the ESFA in March 2018, and produce a robust integrated curriculum and financial plan within six weeks of the SEA's visit.
8. The Trust must provide evidence to ESFA of improved and robust measures to ensure compliance including publication of necessary information on the Trust's website as per the AFH, and a revised scheme of delegation by 30 April 2018.
9. The Trust must provide a financial recovery plan by 30 April 2018.
10. The trust must comply with yearly returns. The following returns are due to the ESFA this year:
 - BFR Outturn (BFR-O) by 21 May 2018.
 - BFR return by 31 July 2018.
 - The 2017/18 audited accounts by 31 December 2018.

Monitoring and progress

11. The Trust is required to meet the specific conditions outlined above to enable the ESFA to monitor compliance and progress.
12. 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

13. Compliance with this Notice will be demonstrated when:
 - I. The Trust has provided an integrated curriculum financial plan and adhered to the actions in order to return to a balanced budget.
 - II. The Trust has published necessary information on the website, as per the AFH.
 - III. The ESFA is satisfied the Trust has a strong governance structure in place, including a revised scheme of delegation and evidence of its use.
 - IV. The Trust has reduced its deficit, and provides evidence of a sustained financial improvement.
 - V. 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](#).
 - VI. The Trust has provided a financial recovery plan.
 - VII. The ESFA receives the BFR-O by 21 May 2018 and BFR by 31 July 2018.
 - VIII. The ESFA receives audited financial statements with an unqualified audit opinion by 31 December 2018.

IX. The ESFA receives the auditors' financial statements and management letter, which do not raise concerns by 31 December 2018.

14. 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.