



Education & Skills  
Funding Agency

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

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

22 June 2018

Mr B Groves - Chair  
St Giles Church of England Academy  
Skinner Lane  
Pontefract  
WG8 1HG  
Company Number: 08781513

Dear Mr Groves

### **Financial notice to improve: St Giles Church of England Academy**

I am writing to you in your capacity as Chair and Accounting Officer of St Giles Church of England Academy (“the Trust”).

As you are aware, the Education and Skills Funding Agency (ESFA) visited the Trust from 2 to 4 May 2018 to investigate the concerns raised in the 2016/17 financial statements. I want to thank you for the cooperation you have shown my team and the ESFA’s Provider Risk and Assurance (PRA) team and the changes you have already made to strengthen accounting and financial controls.

Whilst I acknowledge some positive action has been taken following the visit, my concerns remain in relation to the weak financial position and financial management at the Trust. These have been highlighted in the ESFA intervention visit findings and the Trust’s 2016/17 financial statements and accompanying management letter. The findings and statements cite numerous material weaknesses in the accounting practices, internal control systems and governance of the Trust. The number and serious nature of the issues identified give cause for concern and this does not provide the ESFA with assurance of good financial management and governance within the Trust. It also represents breaches under s1.4.1, s1.4.3, s1.5.16, s1.5.22, s1.5.5, s2.1.8, s2.2.2, s2.2.4, s2.3.2, s2.3.3, s3.1.3, s3.1.12, s3.3.1, s3.4.1, s3.9.3, s3.9.4, s4.1.1, s4.1.2, s4.8.1 of the Academies Financial Handbook, potential breaches of the Trust’s Articles of Association and Company Law.

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 Academies 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 1. In addition, the Notice will be published in due course on [GOV.UK](https://www.gov.uk).

Upon receipt of this Notice, all of the delegated authorities as identified in the AFH (s3.6-3.10) 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 would be grateful if you would acknowledge receipt of this letter and provide a formal response recognising the requirements associated with this Notice within 3 working days of the date of this letter. This should be sent by e-mail to [REDACTED].

I am copying this letter to Vicky Beer CBE, Regional Schools Commissioner (RSC) for Lancashire and West Yorkshire and the Trust’s Accounting Officer, Richard Grace.

I look forward to hearing from you.

Yours sincerely,



**Mike Pettifer**  
**Director, Academies and Maintained Schools Group**

CC. Richard Grace  
Vicky Beer CBE

## 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 St Giles Church of England Academy's ('the Trust'):
  - failure to submit its 2016/17 financial statements by 31 December 2017
  - failure to achieve a balanced budget
  - failure to demonstrate adequate financial management and governance

## Conditions

2. The Trust is required to develop and implement an action plan which responds to all of the issues identified from the ESFA intervention visit, as well as:
  - giving assurance of improvements to financial management and governance
  - ensuring strong processes are in place for the Trust to adequately monitor financial performance and the financial risks to its operations
  - undertaking a skills audit to ensure the Trust Board has the right mix of skills and experience to oversee the financial recovery and ensure value for money in the Trust's operations. This should include a qualified accountant or someone with an extensive finance background
  - utilising a range of support mechanisms such as [National Leaders of Governance](#), [Academy Ambassadors](#) and the [Governance leadership and clerking development programmes](#)
  - moving on to the new model funding agreement
  - providing evidence that the Trust has 3 active Members and 7 Trustees so the Trust is compliant with its Articles of Association
  - increasing regularity of Board meetings and particularly Audit & Finance Sub-Committees above the minimum of 3 times a year
  - submitting a revised and accurate recovery plan to return the Trust to a surplus budget position in a reasonable timeframe, with evidence from the finance system for the forecast 17/18 outturn position
  - demonstrating that every possible economy is being made to achieve a balanced budget – making use of the [School Resource Management](#) tools, including the national deals for contracts, benchmarking tool and Top-10 planning checks for governors
  - fully engage with any additional resource made available through the School Resource Management programme i.e. a School Resource Management Advisor
  - reporting to the ESFA the savings that will be achieved following an integrated curriculum and financial planning review and evidence of implementation of the review and savings made. These should be incorporated into the Trust's recovery plan

- in line with the AFH, providing the latest internal audit reports as soon as they are carried out
- making the ESFA aware of any threats to its recovery at the earliest opportunity
- submitting monthly management accounts by the 21<sup>st</sup> of each month that show income and expenditure and provide the following information:
  - The budget for the current academic year to date
  - Actual results for the current academic year to date
  - A narrative explaining any significant variances for the year to date
  - The budget for the current full academic year as stated in the recovery plan
  - The latest forecast for the current full academic year
  - A narrative explaining any significant variances for the current full academic year

### **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.	<b>Item</b>	<b>Date due by</b>
	FNtl action plan	23/07/18
	Move to new model funding agreement	14/09/18
	Outcome of the skills audit	14/09/18

### **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:
  - All of the conditions set out above are complete
  - The ESFA receives assurance that the agreed recovery plan has been delivered

- The financial statements show that the Trust has returned to a cumulative surplus position
- 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 each year, demonstrating a forecast return to surplus in line with the recovery plan
- The ESFA receives audited financial statements with an unqualified audit opinion by 31 December each year
- The ESFA receives the auditors' management letter which does not raise high risk concerns by 31 December each year

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.