



Education & Skills
Funding Agency

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

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

7 September 2018

Ms Juliet Hartridge
Teddington School
Broom Road
Teddington
TW11 9PJ

Dear Ms Hartridge

Financial Notice to Improve: Teddington School

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

As you are aware, the Trust has failed to set a balanced budget for 2017/18 onwards and failed to establish strong internal financial controls. These are formal requirements of the Trust’s Funding Agreement (FA) as set out in the Academies Financial Handbook (AFH) 2018.

Paragraph 2.3.1 of the AFH states:

*The board of trustees **must** approve a balanced budget, and any significant changes to that budget, for the financial year to 31 August, which can draw on unspent funds brought forward from previous years. The board **must** minute its approval.*

Paragraph 2.2.1 of the AFH states:

The academy trust **must** establish a robust control framework that includes:

- ensuring delegated financial authorities are complied with
- maintaining appropriate segregation of duties
- co-ordinating the planning and budgeting processes
- applying discipline in financial management, including managing debtors, creditors, cash flow and monthly bank reconciliations

Failure to submit a balanced budget and maintain strong financial control is a breach of the AFH and the FA. The Education and Skills Funding Agency (ESFA) has been monitoring the Trust since March 2018 to develop a robust and sustainable recovery plan. I recognise the cooperation and extensive discussions that have taken place between the Trust and officials; 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, continued concerns on governance and oversight of financial management by the board, and that the Trust required financial support in 2017/18.

The Trust is required, pursuant to the provisions of the AFH and the 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 3.3 - 3.7) 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.

Please 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 Rowena Beirne, Director of Finance & Administration of the Trust, and Dominic Herington, the Regional Schools Commissioner for South-East England 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 stylized flourish at the end.

Mike Pettifer
Director: Academies and Maintained Schools Group

CC Rowena Beirne, Director of Finance & Administration
Dominic Herington, Regional Schools Commissioner for South-East England and South London

Financial notice to improve

1. The Education and Skills Funding Agency (ESFA) has decided to issue a Financial Notice to Improve (“Notice”) as a consequence of TEDDINGTON SCHOOL (‘the Trust’):
 - Failing to set a balanced budget for 2017/18 onwards and failure to establish strong internal financial controls as required in the Academies Financial Handbook (AFH) paragraph 2.3.1 and 2.2.1.
 - Requiring financial support from the ESFA in 2017/18.

Conditions

2. The trust is required to:
 - Adopt the latest model funding agreement by 1 October 2018.
 - Continue to work with the School Resource Management Adviser (SRMA) to produce an updated financial recovery plan by 1 October 2018.
 - Deliver against the agreed recovery plan and any subsequent recovery plans.
 - Continue to work with Regional Schools Commissioner representatives to formalise a partner school/academy/trust to support the trust with financial and educational improvements.
 - Continue dialogue with Regional Schools Commissioner representatives regarding options to join a multi academy trust.
 - Set in-year balanced budgets from 2018/19 onwards which include full repayment of financial support provided by the ESFA.
 - Provide evidence of using school resource management tools and Integrated Curriculum Financial Planning (ICFP) to improve the Trust’s financial position by November 2018.
 - Implement the recommendations from the 24 May external governance review by November 2018, and secure a new independent review to assess progress by 1 December.
 - Implement the recommendations from the 3 July Senior Leadership Team review by November 2018.
 - Ensures that levels of executive pay follow a robust evidence-based process and are reflective of the individual’s role and responsibilities.
 - Appoint an Academy Ambassador with financial expertise by November 2018.
 - Ensure that proper arrangements are in place, whereby the Trust board has the appropriate skill set and processes in place to challenge and hold to account the Accounting Officer, Finance Officer and other members of the executive management team and evidence this.
3. The ESFA reserves the right to nominate additional Academy Ambassadors to support the Trust’s financial recovery at any point in light of progress made to address the recommendations from the governance review.

Financial management requirements

4. The Trust is responsible for its own financial management, control and governance and is expected to take appropriate action to strengthen the weaknesses identified.

5. The Trust should take all appropriate actions to ensure the updated recovery plan actions are fully implemented. This plan will demonstrate how the Trust will sustain long-term financial viability. This must be agreed with the ESFA.
6. The ESFA must be satisfied that the Trust is doing everything it can to rectify the weaknesses identified.

Timescales

7. The Trust must adhere to deadlines associated with conditions, monitoring and progress actions and compliance set out in this notice.

Monitoring and progress

8. The Trust is required to provide the ESFA with monthly management accounts and cash flow reports on the 12th of each month, commencing in September 2018, initially for the first twelve months of the Notice. The frequency of the reports thereafter will be determined by the ESFA, based on progress against the Trust's recovery plan.
9. The Trust is required to meet the specific conditions outlined above to enable the ESFA to monitor compliance and progress.
10. 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 consider and explore the contractual intervention options available.
11. The ESFA reserves the right to amend and add further specific conditions to this Notice should they be required.

Compliance and the end of the notice period

12. Compliance with this Notice will be demonstrated when:
 - The Trust is on the new model funding agreement.
 - The recovery plan is agreed and all actions are completed.
 - Financial recovery, consistent with the agreed recovery plan, has been sustained until 31 December 2021 as evidenced in the audited financial statements for each year.
 - Advances of funding can be repaid in line with agreed terms by 31 August 2025.
 - Integrated Curriculum Financial Planning (ICFP) has been used to improve the Trust's financial position.
 - An Academy Ambassador with financial expertise has been appointed.
 - The Trust board are providing the right balance of challenge and have the skills necessary to carry out their duties effectively.
 - Executive pay adequately reflects an individual's role and responsibilities.
 - 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.

- The ESFA receives audited financial statements with an unqualified audit opinion every year by 31 December.
- The ESFA receives yearly auditors' management letters which do not raise concerns until 31 December 2021.

13. 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.