



Education & Skills
Funding Agency

Education and Skills Funding Agency
Sanctuary Buildings
Great Smith Street
London
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Tel: 0370 000 2288
[ESFA-enquiry-form](#)

8 January 2019

Mr Steve Ponting
Thomas Keble School,
Eastcombe,
Stroud,
Gloucestershire,
GL6 7DY

Company Number: 07698037

Dear Mr Ponting

Financial notice to improve: Thomas Keble School

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

As you know, the Education and Skills Funding Agency (ESFA) has been monitoring the Trust’s progress towards setting a balanced budget and producing a realistic and accurate plan for recovery following the warning letter sent to the Trust on 15 February 2018.

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.

On 9 July 2018 the Head of Region – South West also wrote to the Trust’s Accounting Officer highlighting the concerns we have for Thomas Keble School and its current financial management and governance. In this letter, the ESFA confirmed that if the Trust was unable to produce a plan for recovery, or required further recoverable deficit funding to prevent it from running out of cash, then a financial notice to improve would be issued.

The trust has failed to set balanced budgets for 2017/18 and 2018/19 in breach of the Academies Financial Handbook (AFH).

Paragraph 2.3.1 of the AFH clearly states:

The board of trustees must approve a balanced budget ... for the financial year to 31 August, which can draw on unspent funds brought forward from previous years.

The Trust has also failed to manage its cash position, requiring £84,237 recoverable deficit funding in February 2018 and requesting a further £120,000 for 2018/19, and to date has not produced a plan for recovery.

Paragraph 2.3.3 of the AFH states:

The board of trustees, and any separate committee responsible for finance, must ensure rigour and scrutiny in budget management.

Budget setting – The board must ensure that budget forecasts, for the current year and beyond, are compiled accurately, based on realistic assumptions

Paragraph 2.3.5 of the AFH states:

The trust must manage its cash position robustly. It must avoid becoming overdrawn.

These failures are therefore a breach of the AFH and the Trust's Funding Agreement (FA).

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 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 3.6-3.10) 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 Julia Maunder, the Accounting Officer of the Trust and Lisa Mannall, the Regional Schools Commissioner (RSC) for South West England (SW).

I look forward to hearing from you.

Yours sincerely

A handwritten signature in black ink, appearing to read 'M. Pettifer', with a large, sweeping flourish at the end.

Mike Pettifer

Director: Academies and Maintained Schools Directorate

CC. Julia Maunder, Accounting Officer
Lisa Mannall, RSC for South West England

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 Thomas Keble School ('the Trust'):
 - Failing to set balanced budgets for 2017/18 and 2018/19 as required in the Academies Financial Handbook (AFH) paragraph 2.3.1
 - Failing to ensure rigour and scrutiny in budget management as required in AFH paragraph 2.3.3

Conditions

The Trust is is required to:

2. Prepare and submit an accurate and realistic revised financial recovery plan **by no later than 21 January 2019**. The plan must include as a minimum:
 - a) A clear set of delivery milestones, which is agreed with the ESFA, leading towards early implementation of the recommendations made by the Schools Resource Management Adviser who conducted the Integrated Financial Planning review of the trust.
3. Explore options for joining a Multi Academy Trust, including exploratory discussions with Multi Academy Trusts, by **1 March 2019**.
4. Implement in full and where appropriate the relevant requirements within The Governance Handbook for Academies, Multi-Academy Trusts and Maintained Schools, and the Department for Education's Competency Framework for Governance. To support this the trust should:
 - a) Appoint an academy ambassador with financial expertise and a trustee with expertise in change management **by no later than 1 March 2019**.
 - b) Commission a full and independent review of financial management and governance across the Trust. Terms of reference and the reviewer must be agreed with the ESFA.
 - (i) The review must include, as a minimum: (i) an assessment of the oversight exercised by the Trust board; (ii) a skills audit of the senior leadership team including the accounting officer, business manager, deputy heads, current members and trustees, (iii) proposals to address any gaps in knowledge and expertise; (iv) the scope for further management efficiency savings; (v) consideration of the option of joining a Multi Academy Trust (MAT)

(ii) The terms of reference for the external review of financial management and governance, together with the CV of the individual or company the Trust seeks to carry out the review, must be submitted to the ESFA **by no later than 1 March 2019**.

(iii) The findings of the external review of financial management and governance, together with an action plan to implement the recommendations, must be submitted to the ESFA **by no later than 1 May 2019 and implemented as soon as possible thereafter**.

5. Provide its management accounts, cash flow reporting, and an update on its progress in meeting the conditions set out above, to the ESFA on a **monthly basis** and **attend a monthly monitoring meeting with the ESFA**.

Financial management requirements

6. The Trust is responsible for its own financial management, control and governance and is expected to take appropriate action to strengthen the weaknesses identified.
7. The Trust should take all appropriate actions to ensure an action plan is fully implemented.
8. The ESFA must be satisfied that the Trust is doing everything it can to rectify the weaknesses identified.

Timescales

9. The Trust must meet the deadlines set out in paragraphs 2 – 6 above, with all conditions completed by **1 May 2019**.
10. The Trust is required to meet the specific conditions outlined above to enable the ESFA to monitor compliance and progress.
11. 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

12. Compliance with this Notice will be demonstrated when:
- The ESFA receives an accurate, realistic and revised recovery plan by 21 January 2019
 - The ESFA receives confirmation of new trustee appointments by 1 March 2019
 - The trust explores options for joining a Multi Academy Trust, including exploratory discussions with Multi Academy Trusts, by 1 March 2019

- The findings of the external review of financial management and governance, together with an action plan to implement the recommendations, are provided to the ESFA by 1 May 2019
- The trust attends monthly monitoring meetings as required
- The trust provides the ESFA with its management accounts, cash flow reporting, and an update on its progress in meeting the conditions set out above, on a monthly basis
- 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 2019
- The ESFA receives audited financial statements with an unqualified audit opinion 31 December 2019.
- The ESFA receives the auditors' management letter which does not raise concerns by 31 December 2019.

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.