



Education & Skills
Funding Agency

Education & Skills Funding Agency
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<http://www.gov.uk/esfa>

Stephen Jefferson
Chetwynde School
Croslands
Rating Lane
Barrow in Furness
Cumbria,
LA13 0NY

Sent via email: s.jefferson@admin.chetwynde.cumbria.sch.uk;

17 September 2020

Dear Mr Jefferson

Financial Notice to Improve: Chetwynde School Limited

I am writing to you in your capacity as Accounting Officer of Chetwynde School ("the Trust").

Firstly, I want to thank you for the positive changes you have made since taking up the position of Head in September 2019 and for your cooperation with my team and the Regional Schools Commissioner (RSC).

As you know, the Education and Skills Funding Agency (ESFA) has been monitoring the Trust's progress towards meeting the conditions set out in its Financial Notice to Improve (FNtl) issued on 26 June 2016.

ESFA issued the FNtl¹ as a consequence of:

- the Trust's failure to demonstrate adequate financial control
- the Trust's inability to provide assurance on its current and future financial position
- the Trust's failure to demonstrate appropriate financial management and governance oversight and control

I recognise the cooperation and extensive discussions that have taken place

¹ <https://www.gov.uk/government/publications/financial-notice-to-improve-chetwynde-school-Trust>

between the Trust and ESFA and the changes you have already made to strengthen accounting and internal financial controls. However, concerns remain in relation to the weak financial position and breaches and lack of progress against some of the current FNtl conditions.

In order to support the Trust in its plans to transfer into a Multi Academy Trust (MAT), the department is renewing the Trust's FNtl and its conditions. This will ensure we can demonstrate recovery against the remaining issues at the Trust prior to transfer. Furthermore, the department can measure its confidence in the Trust's long-term success and viability.

This letter and its annexes serve as a written notice to improve financial management, control and governance at the Trust (Financial Notice to Improve or "the Notice"). 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 Notice. These terms are set out in Annex A.

As you are aware, the Trust has had its delegated authorities, as defined in the AFH, revoked. All transactions covered by these delegations, regardless of their size, still require advance approval by ESFA, specifically:

- special staff severance payments
- compensation payments
- writing off debts and losses
- entering into guarantees, indemnities or letters of comfort
- disposals of fixed assets beyond any limit in the funding agreement
- taking up a leasehold or tenancy agreement on land and buildings of a duration beyond any limit in the Trust's funding agreement
- General Annual Grant (GAG) carry forward from one year to the next beyond any limit in the funding agreement and the pooling of GAG by MATs

If the Trust comes to the ESFA to seek retrospective approval this will be deemed a breach of the AFH. These delegated authorities shall be returned to the Trust once we are satisfied that the requirements of the Notice have been, and will continue to be, complied with to the satisfaction of the Secretary of State.

We will monitor progress made towards meeting the requirements of this Notice. We will lift the Notice when the requirements set out in the annex have been met in full.

We reserve the right to reissue this Notice and add further specific conditions if required, should the Trust fail to make sufficient progress against these revised conditions. 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 agreed timescales, we will explore the contractual intervention options available.

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. Depending upon the severity of the breach, this may amount to a breach of the terms of the FA and lead to termination.

If continued non-compliance with the AFH occurs, we may also refer the case to the Charity Commission and/or Insolvency Service for further investigation, as deemed appropriate in the circumstances.

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]@education.gov.uk

In line with the requirements set out in ESFA's publishing policy, the Trust has 10 working days to offer any final comments on factual accuracy before publication.

I am copying this letter to the Co- Chair of Trustees Susan Hannan, Co-Chair of Trustees John Burgess, Trust Member Richard Denby, and Katherine Cowell, the RSC for the North.

I look forward to hearing from you.

Yours sincerely



Warwick Sharp
Director, Academies and Maintained Schools Directorate

CC: Katherine Cowell, Regional Schools Commissioner, North
Susan Hannan, Co-Chair of Trustees
John Burgess, Co-Chair of Trustees
Richard Denby, Member

Financial notice to improve

1. The Education and Skills Funding Agency (ESFA) has decided to re-state the terms of the Financial Notice to Improve (the 'Notice') which was issued to Chetwynde School (the Trust) in 2016, due to breaches under sections 2.1.8 and 2.3.3 of the Academies Financial Handbook (AFH), 2016. The trust have not made sufficient progress against some of the conditions stated in the previous Notice.

Conditions

2. The Trust is required to:
 - a) comply with the funding agreement requirement to submit all audited financial statements to ESFA on time and without qualification.
 - b) submit all financial returns by the deadlines specified.
 - c) submit the Budget Forecast Return (BFR) by the deadline required by ESFA.
 - d) contact ESFA at an early stage if it believes it is not able to follow or is falling behind the schedule set out in their Trust financial plan.
3. The Trust is required to implement the recommendations made in the July 2020 governance review, by the timelines stipulated within the recommendations or as agreed with ESFA.
4. The Trust is required to commission a progress and impact review from a National Leader of Governance (NLG) to assess progress and to identify next steps in the improvement of governance.
5. The Trust is required to increase the board to a minimum of 9 Trustees with specialist expertise in finance, governance and education. The Trust should ensure there is sufficient independence to offer robust challenge and hold the Accounting Officer to account for the management of the budget/finances. Timescales for completion will be as agreed with ESFA.
6. The Trust must submit monthly management accounts to ESFA by the 20th of each month, including:
 - monthly cashflow
 - monthly progress update on the Management Letter issues
 - monthly progress update on the Governance recommendations
7. The Trust must consider joining a strong Multi Academy Trust (MAT), with evidence of consideration provided to ESFA by 31 January 2021.

8. The Trust must implement recommendations arising from internal audit processes. Timescales for completion will be as agreed with ESFA.
9. The Trust must demonstrate that every possible economy is being made to achieve a balanced budget:
 - Including an Integrated Curriculum Financial Planning (ICFP) and financial processes review, with an ICFP expert. before end of December 2020. This plan should be revisited in light of all staffing changes and repeated at least once per year.
 - Producing a full, costed restructuring plan with clear rationale and timescales, By 31 January 2021.
10. The Trust is required to request approval from ESFA, in advance, for any actions under the revoked freedoms in Part 3 and Annex B of the AFH. These requests should be sent using the [ESFA Enquiry Form](#). Retrospective approval will be deemed as a breach of the AFH.
11. The Trust is required to ensure robust processes are in place for the Trust to monitor financial performance and risk to its financial operations. The Trust must confirm this will be implemented within 4 weeks.
12. The Trust is required to ensure that all necessary Trustee contact details are up to date, within 4 weeks.
13. The Trust must ensure that its membership is increased to ensure compliance with the AFH and its Articles of Association. Timescales for completion will be as agreed with ESFA.

Financial management requirements

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

Timescales

17. The Trust must complete actions referenced by the timescales referred to above and in Annex B. Where timescales for completion will be as agreed with ESFA, ESFA will contact the Trust to discuss appropriate timescales for completion.

Monitoring and progress

18. The Trust is required to meet the specific conditions outlined above to enable ESFA to monitor compliance and progress.
19. 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, ESFA will begin to consider and explore the contractual intervention options available.

Compliance and the end of the Notice period

20. Compliance with this Notice will be demonstrated when:

- the Trust has requested approval from ESFA for any and all actions under the revoked freedoms in Part 5 of the AFH. These requests should be sent using the [ESFA enquiry form](#).
- ESFA receives the Budget Forecast Return, by the specified deadline.
- ESFA receives audited financial statements with an unqualified audit opinion, by the specified deadline.
- ESFA receives the auditors' management letter which does not raise further concerns relating to any of the issues highlighted within this Notice by the specified deadline.
- the Trust provides ESFA with evidence the recommendations made in the July 2020 governance review have been implemented.
- the Trust provides ESFA with recommendations arising from a progress and impact review from an NLG. An action plan demonstrating how these recommendations will be implemented must also be provided.
- the Trust evidences the board has been increased to a minimum of 9 Trustees with specialist expertise in finance, governance and education.
- the Trust has provided board minutes evidencing the discussion of MAT consideration has taken place, and has provided a formal response to the Regional Schools Commissioner's (RSC) Office.
- the Trust has produced and agreed with ESFA a costed, timed action plan showing how it plans to incorporate recommendations of the internal audit or has agreed an alternative with ESFA.
- the Trust has undertaken a full ICFP and financial processes review, reporting any savings to ESFA and the RSC's Office. The Trust should also demonstrate that strong processes are in place to adequately monitor financial performance and financial risks.
- the Trust confirms the board will meet at least 6 times per year.

- the Trust has completed all relevant fields in Get Information About Schools in relation to Trustee contact details.
- the Trust can confirm the requirements of the AFH and its Articles of Association are met in regard to membership of the Trust.

21. The conditions compliance table in Annex B advises the Trust of the evidence required and timescales given for the Trust to be deemed compliant with this Notice.

22. When the Trust meets all the conditions outlined in this annex, is fully compliant with the AFH and no other breaches have been identified, ESFA will write to the Trust to confirm that the Notice has been lifted.

Table of conditions

The table below summarises the conditions that have been placed upon Chetwynde School (“the Trust”). It sets out the evidence the Trust must provide, and the timescales the Trust must meet, to show that they have complied with the Financial Notice to Improve (“the Notice”). All conditions set out in the table must be met before the Notice can be lifted.

	Condition applied	Action/ evidence required from Trust	By when
1	The Trust is required to implement the recommendations made in the July 2020 governance review.	<ul style="list-style-type: none"> • The Trust must evidence how each recommendation outlined in the governance action plan is being implemented. • The Trust must provide progress updates to ESFA and RSC’s Office. • The Trust must share the outcome of any external reviews undertaken with ESFA and RSC’s Office. 	By the timelines stipulated within the recommendations or as agreed with ESFA.
2	The Trust is required to commission a progress and impact review from an NLG to assess progress and to identify next steps in the improvement of governance.	<ul style="list-style-type: none"> • The Trust must discuss any recommendations from the review with the board and produce an action plan for achieving these. • The action plan must be shared with ESFA and RSC’s Office. 	<ul style="list-style-type: none"> • The progress review should take place no later than 31 January 2021. • The action plan should be shared with ESFA and RSC’s Office within a month of the completion of the progress review.
3	The Trust is required to increase the board to a minimum of 9 Trustees with specialist expertise in finance, governance, and education. The Trust should ensure there is sufficient independence to offer robust challenge and	<ul style="list-style-type: none"> • The Trust must recruit a further Trustee with educational expertise. • The Trust must consider using Academy Ambassadors to support with the recruitment. 	As agreed with ESFA.

	hold the Accounting Officer to account for the management of the budget/finances.		
4	<p>The Trust must submit monthly management accounts to ESFA by the 20th of each month, including:</p> <ul style="list-style-type: none"> • monthly cashflow • monthly progress update on the Management Letter issues • monthly progress update on the Governance recommendations 	<ul style="list-style-type: none"> • The Trust must submit monthly management accounts showing income and expenditure and cashflow providing the following information: <ul style="list-style-type: none"> ○ 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. 	By the 20 th of each Month until the FNtl is lifted.
5	The Trust must consider joining a strong Multi Academy Trust.	<ul style="list-style-type: none"> • The Trust must provide board minutes to evidence the discussion of MAT consideration has taken place. • A formal response to the Regional Commissioners Office. 	By 31 January 2021.
6	The Trust must implement internal audit recommendations.	<ul style="list-style-type: none"> • The Trust to produce and agree with ESFA a costed, timed action plan showing how it plans to incorporate recommendations of the internal audit or agree an alternative with ESFA. 	To agree an appropriate timescale with ESFA.
7	<p>The Trust must demonstrate that every possible economy is being made to achieve a balanced budget:</p> <ul style="list-style-type: none"> • Including an Integrated Curriculum Financial Planning (ICFP) and financial processes review, 	<ul style="list-style-type: none"> • The Trust must undertake a full ICFP review and a financial processes review. The Trust must report any savings to ESFA and RSC's Office which will be achieved following this review and provide evidence of the implementation of this review. • Following this review, the Trust should demonstrate 	<ul style="list-style-type: none"> • After pupil census and complete before end of December 2020. This plan

	<p>with an ICFP expert .</p> <ul style="list-style-type: none"> To produce a full, costed restructuring plan with clear rationale and timescales. 	<p>to ESFA that strong processes are in place to adequately monitor financial performance and the financial risks to its operations. The Trust should produce a clear, costed restructuring plan incorporating the ICFP and SRMA findings. This should include costs for any redundancies and HR advice.</p>	<p>should be revisited in light of all staffing changes and repeated at least once per year.</p> <ul style="list-style-type: none"> By 31 January 2021.
8	<p>The Trust is required to:</p> <ol style="list-style-type: none"> Comply with the funding agreement requirement to submit all audited financial statements to ESFA on time and without qualification. Submit all financial returns by the deadline. The Trust is required to submit the BFR by the deadline required by ESFA. Contact ESFA at an early stage if it believes it is not able to follow is falling behind the schedule set out in their Trust financial plan. 	<ul style="list-style-type: none"> ESFA receives audited financial statements by 31 December 2020, and each year until the FNtl is lifted. ESFA receives BFRO by deadline date, each year until FNtl is lifted. ESFA receives BFR by deadline date, each year until FNtl is lifted. Returns show recovery in line with the Trust financial plan. Notify ESFA of the resolutions or proposed resolutions to matters of concern raised in the Trust's management letter. 	<ul style="list-style-type: none"> Submit audited financial statements by 31 December, each year until the FNtl is lifted. Submit BFRO by date required, each year until FNtl is lifted. Submit BFR by date required, each year until FNtl is lifted.
9	<p>The Trust requests approval from ESFA, in advance, for any actions under the revoked freedoms in Part 3 and Annex B of the AFH. These requests should be sent using the esfa-enquiry-form. Retrospective approval will be deemed as a breach of the AFH.</p>	<ul style="list-style-type: none"> The Trust must submit a request for approval for any actions relating to the delegated freedom revoked under the terms of the FNtl. 	<p>Until the FNtl is lifted.</p>
10	<p>Ensure robust processes are in place for the Trust to monitor financial performance and risk to its financial operations.</p>	<ul style="list-style-type: none"> The Trust must produce relevant documentation for board meetings. The Trust must manage internal audit, ensuring risks 	<p>The Trust must confirm this will be implemented within 4 weeks.</p>

		<p>are adequately identified and managed.</p> <ul style="list-style-type: none"> • The board must meet at least 6 times a year. 	
11	Ensure that all necessary Trustee contact details are up to date.	<ul style="list-style-type: none"> • All fields specified in Get Information About Schools for the individuals must be completed before the FNTI can be lifted. The Trust must ensure its record on Get information About Schools remains up to date. 	Within 4 weeks.
12	The Trust must ensure that its membership is increased to ensure compliance with the Academies Financial Handbook and its Articles of Association.	<ul style="list-style-type: none"> • The Trust must have at least three Members. • The Trust must adhere to the requirements of the Academies Financial Handbook and its Articles of Association. • The Trust must consider using Academy Ambassadors to support with recruitment of additional Members. 	As agreed with ESFA.