



Education & Skills
Funding Agency

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

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[ESFA-enquiry-form](#)

24 May 2022

Mr Hiten Savla
Chair of Trustees
Woodcote High School
Meadow Rise
Coulsdon, Surrey
CR5 2EH

Dear Mr Savla

Notice to improve: Woodcote High School

I am writing to you in your capacity as the Chair of Trustees at Woodcote High School (“the trust”) to inform you that we are issuing the trust with a Notice to Improve for governance and compliance concerns.

The Education and Skills Funding Agency’s (ESFA) ongoing engagement with the trust has brought to light a series of weaknesses and breaches of the Academy Trust Handbook (ATH), each of which also constitutes a breach of the trust’s Funding Agreement (FA). Whilst I recognise the trust’s progress towards setting up new systems to prevent recurrence, my concerns remain in respect of the trust’s governance and financial oversight.

I note, in particular, that the trust entered into four finance leases between November 2019 and July 2020 without seeking prior approval from the ESFA as required by Paragraph 5.26 of the ATH (*5.25 in the Academies Financial Handbook (AFH) in force at the time*), which states:

*Trusts **must** obtain ESFA’s prior approval for the following leasing transactions:*

- taking up a finance lease on any asset for any duration from another party, which are subject to the borrowing restrictions described in paragraphs 5.33 and 5.34
- taking up a leasehold or tenancy agreement on land or buildings from another party for a term of seven or more years
- granting a leasehold interest, including a tenancy agreement, of any duration, on land and buildings to another party

Although we note that the trust had taken action in respect of these leases once the breach was identified, it then proceeded to sign a fifth lease without regard for the above-mentioned provision.

Furthermore, Paragraph 2.1 of the ATH states:

*Trustees and management **must** maintain robust oversight of the academy trust.*

Paragraph 2.6 of the ATH states:

*The academy trust **must** have sound internal control, risk management and assurance processes. This should follow a tiered approach comprising:*

- clearly communicated procedures, structures and training of staff
- appropriate day to day supervision and checks by management
- internal scrutiny overseen by an audit and risk committee
- external audit and assurance

Paragraph 2.9 of the ATH states:

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

Paragraph 2.49 of the ATH states:

*The trust **must** be transparent with its governance arrangements.*

Paragraph 2.50 of the ATH states:

*The trust **must** provide details of its governance arrangements in the governance statement published with its annual accounts, including what the board has delegated to committees and, in trusts with multiple academies, to local governing bodies. The trust must also publish on its website up-to-date details of its governance arrangements in a readily accessible format, including:*

- the structure and remit of the trust's members, board of trustees, committees and local governing bodies (the trust's scheme of delegation for governance functions), and the full names of the chair of each
- for each of the trust's members serving at any point over the past 12 months, their full names, date of appointment, date they stepped down (where applicable), and relevant business and pecuniary interests including governance roles in other educational institutions
- for each trustee and local governor serving at any point over the past 12 months, their full names, date of appointment, term of office, date they stepped down (where applicable), who appointed them, and relevant business and pecuniary interests including governance roles in other educational institutions. 32 If the accounting officer is not a trustee their business and pecuniary interests must still be published
- for each trustee, their attendance records at board and committee meetings over the last academic year
- for each local governor, their attendance records at local governing body meetings over the last academic year

Paragraph 2.52 of the ATH states:

*The academy trust **must** provide ESFA, or its agents, with information ESFA requires to meet funding requirements. This information must be of sufficient quality and provided when and how ESFA and its agents request it. ESFA will consider the impact on the trust in the deadlines it specifies.*

Paragraph 5.36 of the ATH states:

Academy trusts must be even-handed in their relationships with related parties by ensuring that:

- trustees comply with their statutory duties as company directors to avoid conflicts of interest, not accept benefits from third parties, and declare interest in proposed transactions or arrangements
- all members, trustees, local governors of academies and senior employees complete the register of interests, in accordance with sections 5.45 to 5.48 of this handbook
- no member, trustee, local governor, employee or related individual or organisation uses their connection to the trust for personal gain, including payment under terms that are preferential to those that would be offered to an individual or organisation with no connection to the trust
- there are no payments to trustees by the trust unless permitted by the articles, or by authority from the Charity Commission, and comply with any relevant agreement with the Secretary of State. Trusts will need to consider these obligations where payments are made to other business entities who employ the trustee, are owned by the trustee, or in which the trustee holds a controlling interest
- the Charity Commission's approval is obtained where the trust believes a significant advantage exists in paying a trustee for acting as a trustee
- payments provided to the persons referred to in section 5.49 satisfy the 'at cost' requirements in this handbook.

Paragraph 5.41 of the ATH states:

*Trusts **must** obtain ESFA's prior approval, using ESFA's related party on-line form, for contracts and other agreements for the supply of goods or services to the trust by a related party agreed on or after 1 April 2019 where any of the following limits arise:*

- a contract or other agreement exceeding £20,000
- a contract or other agreement of any value that would mean the cumulative value of contracts and other agreements with the related party exceeds, or continues to exceed, £20,000 in the same financial year ending 31 August.

Paragraph 5.44 of the ATH states:

The academy trust's register of interests must capture relevant business and pecuniary interests of members, trustees, local governors and senior employees, including:

- directorships, partnerships and employments with businesses
- trusteeships and governorships at other educational institutions and charities
- for each interest: the name and nature of the business, the nature of the interest and the date the interest began

Paragraph 5.45 of the ATH states:

*The register **must** identify relevant material interests from close family relationships between the academy trust's members, trustees or local governors. It **must** also identify relevant material interests arising from close family relationships between those individuals and employees.*

Paragraph 5.47 of the ATH states:

*Trusts **must** publish on their websites relevant business and pecuniary interests of members, trustees, local governors and accounting officers. Trusts have discretion over the publication of interests of other individuals named on the register.*

This letter and its annexes serve as a written notice to improve financial management and governance at the trust. It reflects the continued concerns of weak oversight by the board and non-compliance with the requirements of the ATH. The trust is required, pursuant to the provisions of the ATH and the FA, to comply with the terms of this Notice to Improve ("the Notice"). These terms are set out in **Annex A** and **Annex B**.

Being issued with a Notice means that certain delegated authorities, as defined in the ATH, have been revoked. All transactions previously covered by these delegations, regardless of their size, must now be approved in advance 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
- 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 ATH. Further details of the approval process will be forwarded to the Accounting Officer upon acknowledgement of receipt of this letter. 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 issue a revised Notice and add further specific conditions, if required, should the trust fail to make sufficient progress against the original 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 ATH. As a result of this breach of the ATH. This will amount to a breach of the terms of the FA and may lead to termination.

If continued non-compliance with the ATH 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] at [REDACTED]. 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. The trust is required to publish the Ntl on its website within 14 days of it being published by the ESFA and retain it on the website until the Ntl is lifted by the ESFA.

I am copying this letter to Kirstie Woodcock, Accounting Officer of the trust, and Claire Burton, the Regional Schools Commissioner for South-East England and South London.

I look forward to hearing from you.

Yours sincerely



Warwick Sharp

Director, Academies and Maintained Schools Directorate

CC Kirstie Woodcock, Accounting Officer
Claire Burton, Regional Schools Commissioner for South-East and South London

Notice to improve

1. The Education and Skills Funding Agency (ESFA) has decided to issue a Notice to improve (the 'Notice') as a consequence of Woodcote High School (the 'trust') having breached the provisions of the Academy Trust Handbook (ATH), namely:
 - Failing to maintain robust oversight of the academy trust (Para 2.1) and rigour and scrutiny in budget management (Para 2.9).
 - Failing to ensure sound internal control, risk management and assurance processes (Para 2.6).
 - Failing to maintain transparency of governance arrangements (Para 2.49, 2.50).
 - Failing to provide or delaying the provision of information to the ESFA (Para 2.52).
 - Entering into finance leases without seeking prior approval from the ESFA, including one lease that was signed after the trust had been made aware of the breach (Para 5.26, 5.33 and 5.34).
 - Failing to satisfy the requirements of the ATH in managing related party transactions (Para 5.36, 5.41, 5.42, 5.49).
 - Failing to maintain an updated register of interests (5.45, 5.46, 5.47, 5.48).

Conditions

2. The trust is required to comply with all of the conditions set out in Annex B.

Financial management and governance 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 and return to compliance with the Academy Trust Handbook.
4. The Trust should take all appropriate actions to ensure the action plan agreed with the ESFA is fully implemented.
5. The ESFA must be satisfied that the Trust is doing everything it can to rectify the weaknesses identified.

Monitoring and progress

6. The Trust is required to submit the evidence for the specific conditions to the timescales outlined in Annex B to enable the ESFA to monitor compliance and progress.
7. 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 given timescales, the ESFA will begin to consider and explore the contractual intervention options available.

Compliance and the end of the notice period

8. As outlined in Annex B, the trust is required to submit evidence to demonstrate compliance with the conditions of this notice, which the ESFA will use to monitor the trust's progress. Annex B sets out the detail of the evidence required to fulfil the condition and the timescales to submit this evidence to the ESFA.
9. When the Trust meets all the conditions outlined in this Notice, is fully compliant with the most recent edition of the ATH and no other breaches have been identified, the 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 Woodcote High 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 Notice to improve (“the Notice”). All conditions set out in the table must be met before the Notice can be lifted.

	Condition	Evidence required to show compliance with the notice	Timescale
1	<p>Implement the recommendations set out in the report dated 12 October 2021 following the External Review of Governance commissioned by the trust, including the recommendation to commission a follow-up review.</p> <p>Where non-compliance or improvements are identified, the trust should provide ESFA with an action plan and timeline to address those issues. If the review identifies any gaps in skills and experience, at board level, ESFA will expect the Trust to approach Academy Ambassadors to help fill any gaps which may be identified.</p>	<p>The trust must provide evidence of having reviewed and actioned any recommendations from the external review by 15 June 2022 and monthly updates thereafter until complete or the Ntl is lifted, whichever is first.</p> <p>The trust agrees the terms of reference with ESFA by 20 June 2022 and provides the outcome report from the follow-up review by 31 August 2022.</p> <p>If the review identifies any gaps in skills and experience at board level, the Trust must provide evidence of approaching Academy Ambassadors to help fill any gaps, which may be identified.</p>	<p>Evidence of having reviewed and/or implemented any recommendations by 15 June 2022.</p> <p>Terms of reference by 20 June 2022 and outcome report by 31 August 2022.</p>
2	<p>Commission an independent review of the trust’s financial systems and processes by no later than 30 June 2022. The terms of reference of the review and the outcome must be shared with the ESFA.</p>	<p>Submit the Terms of Reference and share the findings of the independent review of the trusts financial systems and processes with ESFA by 31 August 2022.</p>	<p>Commission an independent review by 30 June 2022.</p>

			Complete the review and forward the outcome to ESFA by 31 August 2022.
3	Implement new financial management and monitoring structures and undertake further actions to strengthen challenge in managing the budget and finances. This must include ensuring effective processes are in place for the trust to monitor financial performance and the financial risks to its operation and any recommendations made by the review required to comply with condition 2 (above). This will be evidenced by a written report to be submitted by 31 October 2022.	Submit a written report detailing the actions the trust has taken to strengthen the financial management and monitoring structures to ESFA by 31 October 2022.	By 31 October 2022.
4	Submit the internal scrutiny report and action plan/details of how the trust will address all recommendations made by the internal scrutineer and the timescale(s) when this will be achieved by to the ESFA within 4 weeks of the internal scrutiny taking place.	To be submitted within 4 weeks of each internal scrutiny review taking place each term.	Within 4 weeks of each internal scrutiny review taking place.
5	We will expect the trust to supply monthly management accounts to the ESFA for a period of 12 months from the date of this letter. The frequency of reports thereafter will be determined by the ESFA, based on progress within the trust.	Trust submits the required information to ESFA on time for a minimum of 12 months and until further notice.	The management reports must be submitted to the ESFA by the 7th of the month, for a minimum of 12 months and until further notice.

6	<p>Explore and adopt National Deals (Deals for Schools), unless evidence is provided to the ESFA that an alternative (or current) supplier provides better value for money.</p>	<p>The trust adopts "Deals for Schools" where better value can be obtained.</p> <p>The trust provides ESFA with evidence that an alternative supplier provides better value for money as tested through a robust procurement process.</p>	By 31 July 2022.
7	<p>The Trust must consider transferring the academy to a strong Multi-Academy Trust (MAT) and discuss potential options with the Regional Schools' Commissioner's Office.</p> <p>The ESFA expects any decision regarding joining a MAT to result from careful consideration of all relevant factors. The Trust must provide the ESFA with a detailed breakdown of the evidence considered and reasoning underlying the trust's decision. This includes but is not limited to:</p> <ul style="list-style-type: none"> a) details of the MATs that were considered b) That the following factors were considered <ul style="list-style-type: none"> i. Geographical proximity ii. Alignment of vision and values iii. Capacity and quality of support iv. Long term sustainability c) evidence of discussion and scrutiny of proposals, for example, board meeting minutes, MAT presentations, risk analysis etc. d) evidence that all decisions have been approved by the board through a majority 	<p>Trust board meets to consider transferring the academy to a strong MAT and confirms its decision to ESFA by 30 November 2022.</p> <p>Trust provides a detailed breakdown of the reasoning behind its decision and produces evidence as requested in the condition.</p> <p>Evidence of engagement with the Regional Schools' Commissioner's Office to consider appropriate options.</p>	By 30 November 2022.

	vote		
8	The trust must adopt the latest Model Funding Agreement.	Trust adopts the latest Model Funding Agreement by 30 June 2022.	By 30 June 2022.
9	The ESFA receives notice of all board meetings, including extra-ordinary meetings; and that the agenda and draft minutes (in particular all information relevant to the trust's financial or governance position) are forwarded to the ESFA as soon as they are available.	The trust submits notice of all board meetings, including extra-ordinary meetings; and that the agenda and draft minutes (including confidential notes) are forwarded to the ESFA as soon as they are available).	Until the Ntl is lifted.
10	Increase regularity of Board meetings and particularly Audit & Finance Sub-Committees above the minimum of 3 times a year.	The trust submits minutes confirming the scheduling of an increase in board meetings above the minimum of 3 times a year and ensures that agenda and draft minutes are forwarded to the ESFA as soon as they are available.	Within 4 weeks of the date of this letter.
11	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.	The trust board are providing the right balance of challenge and have the skills necessary to carry out their duties effectively.	Within 4 weeks of the date of this letter.
12	Work closely with representatives nominated by the Regional Schools Commissioner (RSC), utilising their skills and experience effectively to drive school improvement.	Evidence of cooperation with RSC's Office.	Until the Ntl is lifted.

13	Trust to review its governance arrangements and consider increasing the number of members to the departmental preference of five and reviewing the number of trustees who are also parents.	Evidence that the trust has considered the relevant appointments and/or updated their Articles of Association to the latest model.	Within 8 weeks of the date of this letter.
14	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 ATH.	The Trust has published all necessary information on their website, as required by the ATH.	Within 4 weeks of the date of this letter.
15	All Related Party Transactions must be pre-approved by the ESFA.	Approval for all RPTs received before transaction takes place. Any transactions requiring retrospective approval would count as a breach of this condition.	Until the Ntl is lifted.
16	The trust must implement a robust procurement policy that ensures that the requirements of Para 2.28 of the Academy Trust Handbook are complied with.	Documents setting out procurement policy submitted to ESFA.	Within 4 weeks of the date of this letter.
17	The trust must update its register of interests as per the requirements of ATH 5.44 - 5.47 . The trust must also review its processes for managing conflicts of interests and RPTs and submit these to the ESFA.	Trust must publish an updated register of interests, that meets all the requirements set out at 5.45 – 5.48 of the ATH.	Within 4 weeks of the date of this letter and until the Ntl is lifted.
18	To meet with the ESFA on a monthly basis or as otherwise directed by the ESFA until the Ntl is lifted	The trust meets with the ESFA on a monthly basis or as otherwise directed by the ESFA.	Until the Ntl is lifted.

19	The trust must seek independent legal advice on all leasing agreements before these are entered into.	The trust shares the legal advice with the ESFA before entering into any leasing transaction.	Until the Ntl is lifted.
20	<p>The trust is required to:</p> <ul style="list-style-type: none"> a) Comply with the funding agreement requirement to submit all audited financial statements to the ESFA on time and without qualification. b) The Trust is required to submit the Budget Forecast Return (BFR) by the deadline required by the ESFA. c) Contact the 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. 	<p>The ESFA receives audited financial statements by 31 December each year until the Ntl is lifted.</p> <p>The ESFA receives BFR by the deadline each year until Ntl is lifted.</p> <p>Returns show recovery in line with the Trust financial plan.</p>	<p>Submit audited financial statements by 31 December each year until the Ntl is lifted.</p> <p>Submit BFR by deadline each year until Ntl is lifted.</p>
21	<p>The Trust requests approval from the ESFA, in advance, for any actions under the revoked freedoms under the ATH. These requests should be sent using the esfa-enquiry-form. Retrospective approval will be deemed as a breach of the ATH.</p>	The Trust must submit a request for approval for any actions relating to the delegated freedom revoked under the terms of the Ntl.	Until the Ntl is lifted.
22	Ensure that all necessary Trustee contact details are up to date.	All fields specified in GIAS for the individuals must be completed before the Ntl can be lifted. The trust must ensure its record on Get information about schools for the individuals remains up to date.	Within 4 weeks of the date of this letter.