



Education & Skills  
Funding Agency

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

Tel: 0370 000 2288

[ESFA-enquiry-form](#)

15 December 2021

Mark Peters  
Langdale Free School  
95 Warbreck Drive  
Bispham  
Blackpool  
Lancashire  
FY2 9RZ  
Company Number: 07649550

Dear Mark Peters

### **Notice to Improve: Langdale Free School**

I am writing to you in your capacity as the Chair of Langdale Free School.

The Education and Skills Funding Agency (ESFA) has monitored the trust's progress towards meeting the conditions set out in Dr Kevin Mothersdale letter of 27 October 2020. The ESFA has assessed the information provided by the trust and has determined that the trust has failed to meet the conditions set out in that letter, and our concerns remain in relation to governance and oversight of financial management at the trust.

This letter and its annexes serve as a written notice to improve financial management, control and governance at the trust (Notice to Improve or "the Notice"). It reflects the continued concerns regarding governance and oversight of financial management by the Board.

The trust is required, pursuant to the provisions of the Academy Trust Handbook (ATH) and the Funding Agreement (FA), to comply with the terms of this 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Being issued with a Notice means that certain delegated authorities, as defined in the ATH, have been revoked.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

- carry forward of any unspent GAG from one year to the next beyond any limit in the funding agreement
- pooling of GAG

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 acknowledgment 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. In accordance with clause 83(f) of the Funding Agreement for Langdale Free School, the Secretary of State may issue a Termination Warning Notice where he considers there has been a material breach of the provision of the funding agreement.

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]. 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 issued and retain it on the website until the Ntl is lifted by ESFA.

I am copying this letter to the Accounting Officer Linda Hillier, Trust Members Chris Emerson, Alison Forrest, Richard Rendall and Robert Auerbach, and Vicky Beer the Regional Schools Commissioner (RSC) for Lancashire and West Yorkshire.

I look forward to hearing from you.

Yours sincerely



**Warwick Sharp**

**Director, Academies and Maintained Schools Directorate**

CC. Linda Hillier, Mark Peters, Chris Emerson, Richard Rendall, Robert Auerbach, Vicky Beer.

**Notice to Improve**

The Education and Skills Funding Agency (ESFA) has decided to issue a Notice to Improve (the 'Notice') as a consequence of Langdale Free School (the 'trust')

1. Failure to provide information to ESFA to provide assurance it ensures regularity and propriety in the use of the trust's funds, and achieves economy, efficiency and effectiveness, as required in paragraph 1.13 of the Academies Financial Handbook (AFH) 2019 and 1.14 of the AFH 2020.
2. Failure to provide management accounts that meet the minimum requirement as required in the AFH 2020 at 2.21.
3. Failure to have sound internal control, risk management and assurance processes in place, as outlined in paragraphs 2.4, 2.6 and 2.7 of the AFH 2019 and AFH 2020.
4. Failure to ensure there is a programme of internal scrutiny in place to provide independent assurance to the trust board that its financial and non-financial controls, and risk management procedures, are operating effectively, as required in paragraphs 3.1 to 3.5, 3.8, 3.12, and 3.15 of the AFH 2020.
5. Failure to approve a written scheme of delegation of financial powers that maintains robust internal controls as required in paragraph 2.4 of the AFH 2020.
6. Failure to provide sufficient evidence that the corporate services provided by Montague Place Limited provide value for money, as required in paragraphs 2.27 and 2.28 of the AFH 2020.
7. The Audited Accounts submitted for 2019/20 had restated the financial position of the trust in 2018/19 to a net deficit position of £62,255. When the 'Stock - Assets held for resale' which is a transfer from the restricted fixed asset fund to create a property asset is excluded from the current assets, the trusts current liabilities were greater than the remaining current assets in the Audited Accounts in 2019/20. Approval from the ESFA for the property asset has not been requested, as required in paragraph 5.22 of the AFH 2020. The Budget Forecast Return submitted in July 2021 shows a brought forward balance net deficit position of £38k in September 2020, the balance does not reconcile with the balance in the Audited Accounts for 2019/20. The trust's failed to maintain robust oversight of the academy trust and failed to take full responsibility for its financial affairs, as outlined in paragraphs 2.1 and 2.2 of the AFH 2019 and AFH 2020.
8. Failure to meet the requirements of the AFH 2019 and AFH 2020 at 2.11. The Budget Forecast Returns (BFR) submitted by the trust in 2019, 2020 and 2021 have not been completed in line with ESFA's published guidance. The paragraphs in the AFH 2019 and AFH 2020 at 2.15 provide a link to the published guidance.
9. Failure to ensure members are not employees of the trust, as required in paragraph 1.4 of the AFH 2020.
10. A member stopped providing corporate services in August 2015 permitted under the funding agreement and their role changed. The trust has not provided sufficient evidence that it carried out the procedures under its Articles of Association 6.2, to ensure the remuneration was reasonable and proper. A Trustee was employed as an Executive Principal. The trust can employ trustees other than acting as a

Governor (other than the Principal), provided the Governors follow procedures in its Articles of Association 6.6 to 6.10. The trust has not provided insufficient evidence that the procedures in the Articles 6.6 to 6.10 were followed. Although both the Member and Trustee are no longer employed by the trust, the trust has failed to provide ESFA assurances requested in the letter 27 October 2020 regarding the effectiveness of the Governance arrangements.

11. Failure to return information to ESFA by a set deadline, as required in paragraph 2.51 and 2.52 of the AFH 2020. ESFA requested assurances in a letter 27 October 2020 and the trust has failed to provide the information requested.
12. Failure to publish the necessary information on the trust's website as per the AFH 2020 in paragraph 2.50.

### **Conditions**

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

### **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 and return to compliance with the Academies Trust Handbook (ATH).
15. The trust should take all appropriate actions to ensure the action plan agreed with the ESFA is fully implemented.
16. The ESFA must be satisfied that the trust is doing everything it can to rectify the weaknesses identified.

### **Monitoring and progress**

17. 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.
18. 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 consider invoking the termination provisions of the Funding Agreement.

### **Compliance and the end of the notice period**

19. 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.
20. 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 Langdale Free 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.

<b>Condition</b>	<b>Evidence required to show compliance with the notice</b>	<b>Timescale</b>
<p>The trust must commission an independent review of its financial management and governance arrangements to identify any gaps and recommendations for improvement.</p> <p>The terms of reference of the review and the outcome must be shared with the ESFA. The scope of the review should include but not be limited to:</p> <ol style="list-style-type: none"> <li>a. Trust governance arrangements: (as a minimum, an assessment of the oversight exercised by the trust board, a skills audit of the current members and trustees)</li> <li>b. Trust procedures and policies.</li> <li>c. Trust operations.</li> <li>d. Personnel records.</li> <li>e. Contracts and contract management (including the scope for further efficiency savings, including using economies of scale to reduce staff costs).</li> </ol> <p>The review should consider the above areas in view of the regulatory framework governing academies and provide assurance on the level of compliance with those requirements. In particular, the trust’s Articles of Association, the Funding Agreement, the Academies Trust Handbook and the Companies Act 2006.</p> <p>Where non-compliance or improvements are identified,</p>	<ul style="list-style-type: none"> <li>• Members must not be employees of the trust, nor occupy staff establishment roles on an unpaid voluntary basis.</li> <li>• The trust provides the terms of reference and outcome report from the independent review of its financial management and governance arrangements. The trust must provide evidence of having reviewed and actioned any recommendations from the external review.</li> <li>• 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.</li> <li>• The trust provides details of proposed new appointments and minutes to show board approval.</li> </ul>	<ul style="list-style-type: none"> <li>• The terms of reference of the external review of financial management and governance must be shared with the ESFA <b>by 2<sup>nd</sup> December 2022</b>.</li> <li>• The findings of the external review of financial management and governance, together with an action plan to implement the recommendations, should be submitted to the ESFA <b>by 13 January 2023</b>.</li> <li>• Trust to reduce overlaps between Employees, Trustees and Members by making new governance/employment appointments, which are to be agreed with the ESFA <b>by 24 March 2023</b>.</li> <li>• ESFA will review the board and executive team capability <b>by 24 March 2023</b>.</li> </ul>

<p>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 ensure there are clear lines of accountability between the Accounting Officer of the trust and the Trustees, including effective oversight and support for financial management.</p>	<ul style="list-style-type: none"> <li>• The trust submits evidence of a terms of reference and scheme of delegation of financial powers that evidence the clear lines of accountability between the Principal of the trust and the Governing Body.</li> <li>• ESFA must be satisfied that the terms of reference and the scheme of delegation of financial powers meet the requirements of the ATH.</li> </ul>	<ul style="list-style-type: none"> <li>• The trust must submit the terms of reference and scheme of delegation of financial powers to the ESFA <b>by 13 January 2023.</b></li> </ul>
<p>The trust is required to work and engage fully with a School Resource Management Advisor (SRMA) allocated by ESFA.</p> <p>Trust to work with the SRMA to complete Integrated Curriculum and Financial Planning (ICFP) analysis and produce a report that identifies any potential savings/benefits and shows how the trust is using (or will in the future use) data on ICFP metrics to inform its planning and deployment of teachers. As part of this, identify whether it is using guidelines or benchmarks for these metrics – and what they are.</p> <p>Some core metrics to consider are:</p> <ul style="list-style-type: none"> <li>• average teacher contact ratio</li> <li>• average class size</li> <li>• pupil to teacher ratio</li> <li>• average teacher cost</li> <li>• % spend on teachers</li> <li>• SLT as % of teaching workforce.</li> </ul> <p>The trust should make reasonable endeavours to</p>	<ul style="list-style-type: none"> <li>• Trust must engage with the SRMA allocated by ESFA.</li> <li>• Trust works with SRMA to undertake ICFP analysis.</li> <li>• SRMA report reviewed by trust.</li> <li>• Trust produces a report on potential saving/benefits.</li> <li>• Trust submits a Trust Financial Plan, incorporating any changes required, to the ESFA.</li> </ul>	<ul style="list-style-type: none"> <li>• The trust must engage with the SRMA by <b>18 November 2022.</b></li> <li>• The trust must submit the trust financial plan, incorporating any changes required, and include a report on potential savings/benefits from the SRMA report to the ESFA <b>within 8 weeks of receipt of the SRMA report.</b></li> </ul>

<p>implement improvements identified by the SRMA. The trust must demonstrate that every possible economy is being made to achieve value for money – this must consider the Trust-wide SMT structure, service providers and staffing costs.</p> <p>If the trust identifies savings or where financial resources can be redistributed, they must incorporate them into a revised Trust Financial Plan and submit this to the ESFA.</p> <p>The Trust Financial Plan should clearly outline how any Sports Premium or Pupil Premium carried over from 2019/20 will be spent.</p> <p>The School resource management self-assessment tool <a href="https://www.gov.uk/government/publications/school-resource-management-self-assessment-tool">https://www.gov.uk/government/publications/school-resource-management-self-assessment-tool</a> includes key metrics relevant to an ICFP approach, the trust may wish to use this as a starting point for their ICFP review.</p>		
<p>The trust must submit all Monthly management accounts for 2019/20 to the ESFA, and ongoing.</p> <p>We will expect the trust to supply the following financial information on a monthly basis and for a period of 12 months from agreement of the Trust Financial Plan. The frequency of reports thereafter will be determined by the ESFA, based on progress against the Trust Financial Plan:</p> <ol style="list-style-type: none"> <li>a. Revenue income and expenditure report with a narrative explaining any significant variances for the current full academic year. Income and expenditure classifications in this report should follow those in the Trust financial plan.</li> <li>b. A balance sheet showing the position at the end of the last calendar month and forecast to the end of the academic year; and</li> </ol>	<ul style="list-style-type: none"> <li>• All Monthly Management accounts for 2019/20 have been submitted to the ESFA.</li> <li>• Monthly management accounts compliant with the ATH 2.21 must be submitted to the ESFA monthly until further notice.</li> </ul>	<ul style="list-style-type: none"> <li>• The February – May 2020 monthly management accounts must be submitted to the ESFA or an explanation of the reason why the trust is unable to provide the accounts <b>within 1 week from the date of this letter.</b></li> <li>• Monthly management accounts must be submitted to the ESFA <b>by 22nd of the month</b>, for a minimum of 12 months, until further notice.</li> <li>• Monthly management accounts must be improved to meet the minimum requirements of the ATH <b>within 1 month from the date of this letter.</b></li> </ul>

<p>c. A detailed monthly cash flow forecast rolling 12 months ahead.</p> <p>d. Details of any further aged creditors, which cause cash flow pressures.</p> <p>e. Provide separate accounting details for any 'central' or 'core' teams within the trust.</p>		
<p>The trust must implement a robust procurement policy that ensures that the requirements of the ATH 2021 2.27 and 2.28 are complied with.</p> <p>If the trust continues to procure services provided by Montague Place Limited, it must provide evidence that the corporate services provide value for money.</p>	<ul style="list-style-type: none"> <li>• Documents setting out procurement policy submitted to and agreed with the ESFA.</li> <li>• The trust must provide evidence that the procurement policy is implemented and that services procured offer value for money.</li> </ul>	<ul style="list-style-type: none"> <li>• Documents setting out the procurement policy must be submitted to the ESFA <b>by 30 December 2022.</b></li> <li>• The trust must provide evidence to ESFA that the procurement policy is implemented and if applicable evidence that services provided by Montague Place Limited, offer value for money <b>by 13 January 2023.</b></li> </ul>
<p>The trust must have a programme of internal scrutiny to provide independent assurance to the board that its financial and non-financial controls and risk management procedures are operating effectively and ensure the requirements of the ATH 3.1- 3.23 are complied with.</p> <p>The trust must manage risks to ensure its effective operation and must maintain a risk register and ensure that the requirements of the ATH at 2.38 are complied with.</p>	<ul style="list-style-type: none"> <li>• Trust must provide ESFA with: <ul style="list-style-type: none"> <li>a. details of who will perform the Internal Audit work at the trust.</li> <li>b. The trusts annual internal audit programme of work, detailing what work is to be reviewed and when for 2021/22 and the minutes detailing board approval</li> <li>c. a copy of the schools' risk register and the minutes detailing board approval</li> <li>d. internal scrutiny reports within one month of the report being received with copies of action plans to address any weaknesses identified, ongoing until further notice</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Trust must provide ESFA details of who will perform the Internal Audit work for the trust <b>by 30 December 2022.</b></li> <li>• Trust must provide ESFA with its annual internal audit programme of work, detailing what work is to be reviewed and when for 2020/21 and the minuted approval <b>by 30 December 2022.</b></li> <li>• Trust to provide ESFA a copy of the schools' risk register and the minuted approval <b>by 30 December 2022.</b></li> <li>• Provide ESFA with the Internal scrutiny reports within one month of the report being received with copies of action plans to address any weaknesses identified, ongoing until further notice.</li> </ul>



<p>The trust must 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.</p>	<ul style="list-style-type: none"> <li>• The Trust has published all necessary information on its website, as required by the ATH at 2.50.</li> <li>• The trust has provided evidence of the measures taken to ensure it maintains compliance.</li> </ul>	<ul style="list-style-type: none"> <li>• The trust must confirm it has published the necessary information on its website <b>by 2 December 2022.</b></li> <li>• The trust must provide evidence of the measures taken to ensure it maintains compliance <b>by 2 December 2022.</b></li> </ul>
<p>The trust is required to:</p> <p>a) Comply with the funding agreement requirement to submit all audited financial statements to the ESFA on time and without qualification.</p> <p>b) Submit the Budget Forecast Return Outturn (BFRO) by the deadline required by the ESFA.</p> <p>c) The Trust is required to submit the Budget Forecast Return (BFR) by the deadline required by the ESFA.</p> <p>d) Contact the 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.</p>	<ul style="list-style-type: none"> <li>• The ESFA receives audited financial statements by 31 December, each year until the Ntl is lifted.</li> <li>• The ESFA receives BFRO completed accurately in line with ESFA published guidance by date required, each year until Ntl is lifted.</li> <li>• The ESFA receives BFR completed accurately in line with ESFA published guidance by date required, each year until Ntl is lifted.</li> <li>• Returns are consistent with the Trust Financial Plan.</li> </ul>	<ul style="list-style-type: none"> <li>• Submit audited financial statements <b>by 31 December</b>, each year until the Ntl is lifted.</li> <li>• Submit BFR by date required, each year until Ntl is lifted.</li> </ul>
<p>The trust must request approval from the ESFA, in advance, for any actions under the revoked freedoms in Part 5, 5.6 – 5.31 of the ATH. These requests should be sent using the <a href="#">ESFA enquiry form</a>. Retrospective approval will be deemed as a breach of the ATH.</p>	<ul style="list-style-type: none"> <li>• The trust must submit a request for approval any actions relating to the delegated freedoms revoked under the terms of the Ntl.</li> </ul>	<ul style="list-style-type: none"> <li>• Until the Ntl is lifted.</li> </ul>
<p>The trust must ensure that all necessary Trustee contact details are up to date.</p>	<ul style="list-style-type: none"> <li>• All fields in Get Information About Schools 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.</li> <li>• The trust to ensure that trustee information is also up to date on the</li> </ul>	<ul style="list-style-type: none"> <li>• Within 4 weeks of each change.</li> <li>• Within 4 weeks of each change.</li> </ul>

	trusts website and Companies House, and remains up to date.	
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