



Department
for Education

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Regions Group
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Mr. John Orchard
Chair of Trustees
Cromwell Learning Community Academy Trust
C/O Cromwell Junior and Infant School
Cromwell Street
Birmingham
B7 5BA

4 March 2024

Company Number: 10469397

Dear Mr. Orchard

Notice to Improve: Cromwell Learning Community Academy Trust

We are writing to you in your capacity as the Chair of Cromwell Learning Community Academy Trust, “the trust”, to inform you that the Education and Skills Funding Agency (ESFA) has assessed that the trust has failed to bring about financial improvement and stability required by the Financial Notice to Improve (FNtI) warning letter issued to the trust on 18 November 2020. On this basis, we are issuing your trust with a Notice to Improve on financial grounds. We understand that this decision will be disappointing and want to assure you that we recognise the positive action the trust has taken to date to address the concerns.

The forecasts in the trust’s financial plan (March 2021) have not been realised. Actual outturns continue to be adverse to forecast and in its latest formal return (2023 BFR), the trust forecasts to remain in a cumulative deficit position until 2024/25. The trust has failed to achieve financial stability and forecasting continues to be inconsistent. We retain concerns in relation to the weak financial position of the trust.

This letter and its annexes serve as a written Notice to Improve financial management at the trust (Notice to Improve or “the Notice”) and reflects concerns about the trust’s weak financial position.

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

If the trust seeks retrospective approval from ESFA this will be deemed a breach of the ATH. Further details of the approval process will be forwarded to the trust's Accounting Officer upon acknowledgment of receipt of this letter. These delegated authorities will 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.

ESFA will monitor progress made towards meeting the requirements of this Notice and will keep us updated through regular case reviews. A decision to lift the Notice will be taken when we are satisfied the requirements set out in the Annexes have been met in full.

We will support the trust as it implements the required changes through regular contact and clear routes of escalation to resolve any questions or queries you might have. However, if the trust is unable to deliver the necessary improvement and fails to make sufficient progress against the original conditions, we reserve the right to issue a revised Notice and add further specific 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 our satisfaction, the trust will be considered to have failed to comply with the terms of the ATH. Failure to comply will be deemed a funding agreement breach 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.

We 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], who will be your main point of contact related to this Notice to Improve. [REDACTED] will be in contact to answer any questions you may have, and to discuss the next steps in more detail including any support the trust may require to drive the necessary improvements.

We recognise that this may be an uncertain time for the trust and its staff. We are mindful of creating additional pressures on individuals involved. Therefore, we ask the trust to ensure appropriate provision is in place to support all its staff, as necessary. You may find

the Education Staff Wellbeing Charter (<https://www.gov.uk/guidance/education-staff-wellbeing-charter>) helpful.

Please ensure this letter is copied to all trustees and the trust's members upon receipt (we understand these to be Annette O'Neill, Yva Petrova and Natasha Williams) and confirm to [REDACTED] that you have done so.

The trust is required to publish the Notice on its website within 14 days of it being published on gov.uk and retain it on the website until the Notice is lifted.

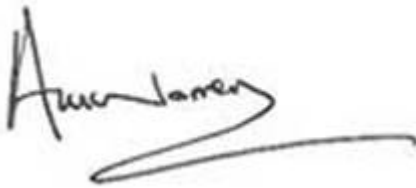
We look forward to hearing from you.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Lindsey Henning', with a long, sweeping underline.

Lindsey Henning

Director, Schools Financial Support & Oversight, ESFA

A handwritten signature in black ink, appearing to read 'Andrew Warren', with a long, sweeping underline.

Andrew Warren

Regional Director for West Midlands, DfE

CC. Rubina Darr, Accounting Officer

Notice to Improve

This Notice to Improve (the 'Notice') is a consequence of Cromwell Learning Community Academy Trust's (the 'trust') failure to bring about financial improvement and stability required by the Financial Notice to Improve (FNtI) warning letter issued to the trust on 18 November 2020.

Conditions

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

Financial management and governance requirements

2. The trust is responsible for its own financial management, control and governance and is expected to take appropriate action to strengthen the weaknesses identified.
3. The trust should take all appropriate actions to ensure the action plan agreed with ESFA is fully implemented.
4. ESFA must be satisfied that the trust is doing everything it can to rectify the weaknesses identified.

Monitoring and progress

5. The trust is required to submit the evidence for the specific conditions to the timescales outlined in Annex B to enable ESFA to monitor compliance and progress. The timescales in Annex B are an indication. We will confirm precise deadlines to the trust separately.
6. 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, ESFA will begin to consider and explore the contractual intervention options available.

Compliance and the end of the notice period

7. As outlined in Annex B, the trust is required to submit evidence to demonstrate compliance with the conditions of this notice, which 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 ESFA.
8. 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, we will write to the trust to confirm that the Notice has been lifted.

Cromwell Learning Community Academy Trust

Table of conditions

The table below summarises the conditions that have been placed upon Cromwell Learning Community Academy Trust (“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 applied	Action/ evidence required from trust	By when
1	<p>The trust must consider transferring its schools to another, strong Multi-Academy Trust (MAT). The DfE expects any decision regarding transfer to a MAT to result from careful consideration of all relevant factors such as: achieving financial stability; economies of scale; staff development and career progression; appropriate timescales; current trust offerings.</p> <p>The trust must provide a detailed breakdown of the evidence considered and reasoning underlying the trust’s decision. This includes but is not limited to:</p> <ol style="list-style-type: none"> 1. evidence of discussion e.g. board meeting minutes, risk analysis etc. 2. evidence that all decisions have been approved by the board through a majority vote 	<p>Trust board meets to consider transferring the academies to a strong MAT and confirms its decision to DfE by 12 weeks from the date of the letter</p> <p>Trust provides a detailed breakdown of the reasoning behind its decision and produces evidence as requested in the condition.</p>	12 weeks from the date of the letter
2	If a decision to transfer the academies into a MAT does not take place by 12 weeks from the date of the letter, the trust must adopt the latest Model Funding Agreement.	Evidence of action to adopt the latest Model Funding Agreement.	Timing dependent upon condition 1.
3	The trust must undertake a review of its financial management and monitoring structures and undertake further actions to strengthen budget and financial management. This must include ensuring key roles (such	Submit written action plan to the ESFA, detailing the actions the trust has taken to strengthen the financial management and monitoring structures, including, but not limited to financial governance, ownership and CFO responsibility and	This will be evidenced by a written action plan to be submitted by 8 weeks from the date of

	as the CFO) hold appropriate responsibility and accountability in line with the ATH and Governance Handbook; ensuring effective processes are in place for the trust to monitor financial performance and the financial risks to its operation.	accountability by 8 weeks from the date of the letter.	the letter.
4	The trust must prepare and submit a revised trust financial recovery plan. The plan must be submitted no later than 8 weeks from the date of the letter. The plan must include, as a minimum: 1. How and by when the trust will achieve a balanced budget. This must be supported by robust budget forecasts through to 2025/26 with evidence to support realistic pupil number forecasts 2. a clear efficiency and savings plan setting out specific areas where further savings can be made across the trust	Financial recovery consistent with the agreed trust financial plan is demonstrated as evidenced in the budget forecast return and the audited financial statements for that year.	8 weeks from the date of the letter
5	The trust must supply the following financial information on a monthly basis for a period of 12 months from agreement of the plan. The frequency of reports thereafter will be determined by the ESFA, based on progress against the trust financial plan: 1. 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. 2. A balance sheet showing the position at the end of the last calendar month and forecast to the end of the academic year; and 3. A detailed monthly cash flow forecast rolling 12 months ahead. 4. Details of any further aged creditors, which cause cash flow pressures. 5. Provide separate accounting details for any 'central' or 'core' teams 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 each month (on a date to be agreed), for a minimum of 12 months, until further notice.

	<p>In addition:</p> <ul style="list-style-type: none"> Trust to send the latest documentation on the trust's internal audit programme. Provision of firm dates of when the next internal audit will be carried out and a commitment to send the findings to ESFA within 1 week of its submission to the board. Trust to increase regularity of Board meetings and particularly Audit & Finance Sub-Committees above the minimum of 3 times a year, provide evidence of minutes, and board attendance. 		
6	<p>If the trust decides not to transfer its schools to a strong MAT (condition 1) or, decides to transfer but transfer has not occurred by (DATE TO BE CONFIRMED), the trust must commission and participate in full in an external review of governance. DfE will set the scope and terms of reference.</p> <p>The scope of the review will include but not be limited to:</p> <ol style="list-style-type: none"> Reporting on non-compliance with the trust's obligations, including as set out in the Academy Trust Handbook and the trust's articles of association A review of the trust's approach to internal scrutiny A review of the trust's risk management arrangements Understanding the impact of local governance arrangements, including reviewing the appropriateness of terms of reference and schemes of delegation Assessing the governance professional (clerk to the board) Understanding the trust's approach to financial budgeting and oversight A review of the trust's approach to managing conflicts of interest Considering the role of the members of the trust <p>The review should consider the above areas in view of the</p>	<p>Where non-compliance or improvements are identified, an action plan will be created by the trust for approval by ESFA.</p> <p>The trust must provide evidence of having met the actions set out in the action plan.</p> <p>With specific reference to Point 9: trust to evidence commitment to full procurement when the current contracts end (rather than extending).</p>	<p>The reviewer will contact the trust to arrange a suggested commencement date and timeline for the review.</p> <p>The trust must act reasonably in agreeing a commencement date.</p> <p>Evidence of the review being scheduled for an agreed commencement date must be submitted by the trust to DfE within 6 weeks of contact from the reviewer.</p> <p>Further timelines for the completion of the work will be agreed at the time and following commissioning of the review.</p>

	regulatory framework governing academies and provide assurance on the level of compliance with those requirements. In particular, compliance with the trust's Articles of Association, its Funding Agreement(s), the Academy Trust Handbook and the Companies Act 2006. 9. A review of current contracts for specialist support (such as financial and estates)		
7	The trust is required to: 1. Comply with the funding agreement requirement to submit all audited financial statements to the ESFA on time and without qualification. 2. Submit the Budget Forecast Return (BFR) by the deadline required by the ESFA. 3. 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.	The ESFA receives audited financial statements by 31 December each year until the NTI is lifted. The ESFA receives BFR by date required, each year until NTI is lifted. Returns show recovery in line with the trust financial plan.	Submit audited financial statements by 31 December, each year until the NTI is lifted. Submit BFR by date required, each year until NTI is lifted.
8	The delegated authorities in sections 5.7 to 5.31 of the ATH having been revoked, the trust must request approval from the ESFA, in advance, for transactions of that nature, as specified in 6.18 of the ATH. These requests should be sent using the esfa-enquiry-form . Retrospective approval will be deemed a breach of the ATH.	The trust must submit a request for approval for any actions relating to the delegated freedom revoked under the terms of the NTI.	Until the NTI is lifted.
9	Ensure that all necessary trustee contact details are up to date.	All fields specified in Get Information About Schools (GIAS) for the individuals must be completed before the NTI can be lifted. The trust must ensure its record on GIAS for the individuals remains up to date.	4 weeks from the date of the letter