



Department  
for Education

Department for Education  
2 St Pauls Place  
125 Norfolk Street  
Sheffield  
S1 2FJ

Christopher Higham  
Chair of Trustees  
Nettleham Infant and Nursery School  
All Saints Lane, Nettleham,  
Lincolnshire, LN2 2NT

Tel: 0370 000 2288

[www.gov.uk/contact-dfe](http://www.gov.uk/contact-dfe)

Email enquiry form:

[www.education.gov.uk/contactus/dfc](http://www.education.gov.uk/contactus/dfc)

30 September 2024

Company number: 08163457

Dear Mr Higham

### Notice to improve: Nettleham Infant and Nursery School

We are writing to you in your capacity as the Chair of Nettleham Infant and Nursery School ('the trust'), to inform you that the Education and Skills Funding Agency (ESFA) has assessed that the trust's breaches of the Academy Trust Handbook (ATH) relating to financial management, governance and reporting are significant enough to warrant a Notice to Improve. On this basis, we are issuing the trust with a Notice to Improve on financial grounds. We understand that this decision may be disappointing and want to assure you that we recognise the positive action the trust has recently taken to begin to address the concerns.

Firstly, we want to thank you for the positive engagement with Regions Group, ESFA, and with the Schools Resource Management Advisor (SRMA). We are aware that work is already underway to improve financial reporting and budgeting since your appointment as Chair and the appointment of a new Vice Chair, both in December 2023. However, our concerns remain in relation to weak financial management and oversight, and the work required to prevent further deterioration in the trust's financial position.

Paragraphs 2.11, 2.18, 2.19, 2.20, 2.21, and 5.33 of the ATH clearly state:

- **2.11** The board **must** ensure budget forecasts for the current year and beyond are compiled accurately, based on realistic assumptions including any provision being made to sustain capital assets, and reflect lessons learned from previous years.
- **2.18** The trust **must** prepare management accounts, including an income and expenditure account, variation to budget report, cash flows and balance sheet every month setting out its financial performance and position.
- **2.19** Management accounts **must** be shared with the Chair of Trustees (CoT) every month and the board **must** consider these when it meets and be assured that it has appropriate oversight of the trust's financial position.
- **2.20** The board **must** ensure appropriate and timely action is being taken to maintain financial viability, including addressing variances between the budget and actual income and expenditure.

- **2.21** The trust **must** manage its cash position robustly. It **must** avoid becoming overdrawn on any of its bank accounts so that it does not breach restrictions on borrowing.
- **5.33** Academy trusts **must** obtain ESFA's prior approval for borrowing (including finance leases and overdraft facilities) from any source, where such borrowing is to be repaid from grant monies secured on assets funded by grant monies, regardless of the interest rate chargeable.

This letter and its annexes serve as a written Notice to Improve financial management, governance and reporting at the trust (Notice to Improve or 'the notice'). It reflects the weak financial position of the trust and action required to prevent further deterioration in the trust's financial position.

The trust is required, pursuant to the provisions of the 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 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.

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.

If the trust fails to meet the requirements of this notice to our satisfaction, it 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 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.

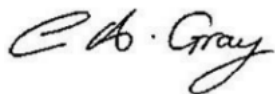
We should be grateful if you would acknowledge receipt of this letter by email within three working days of the date of this letter to [REDACTED] who will be your main point of contact related to this Notice to Improve. In line with the requirements set out in our publishing policy, the trust has 10 working days to offer any final comments on factual accuracy to ESFA colleagues before publication. The trust is required to publish the notice on its website within 14 days of it being published on gov.uk and retain it there until the notice is lifted.

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](#) helpful.

We will continue to keep clear and regular lines of communication open with you. As such, [REDACTED] will be in contact shortly 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 look forward to hearing from you.

Yours sincerely



**Carol Gray**  
**Regional Director for East Midlands Region, DfE**



**Lindsey Henning**  
**Director, Schools Financial Support & Oversight, ESFA**

CC.

Rachael Rideout, Acting Accounting Officer  
Heather Payne, Vice Chair of Trustees and Member  
Nicola Porter, Member

**Notice to Improve**

This Notice to Improve (the 'notice') is a consequence of Nettleham Infant and Nursery School's (the 'trust')

- Failure to ensure budget forecasts for the current year and beyond are compiled accurately, based on realistic assumptions including any provision being made to sustain capital assets, and reflect lessons learned from previous years as required in ATH 2.11
- Failure to prepare management accounts, including an income and expenditure account, variation to budget report, cash flows and balance sheet every month setting out its financial performance and position as required by ATH 2.18
- Failure of the board to ensure appropriate oversight of the trust's financial position and ensure appropriate and timely action is being taken to maintain financial viability, including addressing variances between the budget and actual income and expenditure, as required by ATH 2.19 and 2.20
- Failure to manage the trust's cash position robustly becoming overdrawn and breaching restrictions on borrowing as required by ATH 2.21 and 5.53

**Conditions**

1. The trust is required to comply with all 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 and return to compliance with the ATH.
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.
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.

**Table of conditions**

The table below summarises the conditions that have been placed upon Nettleham Infant and Nursery 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>1. The trust is required to:</p> <p>a) Comply with the funding agreement requirement to submit all audited reports, accounts and statements to ESFA on time</p> <p>b) Submit an Academies budget forecast return (BFR) by the deadline required by ESFA</p>	<p>a) ESFA receives the trust's audited financial statements by 31 December, each year until the Ntl is lifted</p> <p>b) ESFA receives the trust's BFR by the date required, each year until Ntl is lifted</p>	<p>a) Submit audited reports, accounts, and statements by 31 December 2024, and each year thereafter until the Ntl is lifted</p> <p>b) Submit BFR by date required, each year until Ntl is lifted</p>
<p>2. The trust requests approval from ESFA, in advance, for any actions under the revoked freedoms in paragraph 6.18 of the ATH 2024. These requests should be sent using the <a href="#">Customer Help Portal</a>.</p> <p>Retrospective approval will be deemed as a breach of the ATH</p>	<p>The trust must submit a request for approval for any actions relating to the delegated freedom revoked under the terms of the Ntl</p>	<p>Until the Ntl is lifted</p>
<p>3. Prepare and submit a revised trust financial plan. The plan should be externally validated by an independent expert (such as those available at the Association of School and College Leaders, the National Association of Head Teachers or the Institute of School Business Leaders). The plan must include, as a minimum:</p>	<p>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</p>	<p>By 1 November 2024</p>

<p>i. how the trust will achieve a cumulative surplus position by the end of August 2027, and each year thereafter. This must be supported by robust budget forecasts through to 2028 with evidence to support realistic pupil number forecasts</p> <p>ii. a clear efficiency and savings plan setting out specific areas where further savings can be made across the trust based on the recommendations and improvements identified by a School Resource Management Advisor</p>		
<p>4. We will expect the trust to 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 ESFA / DfE, based on progress against the trust financial plan:</p> <ul 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> <li>c. A detailed monthly cash flow forecast rolling 12 months ahead.</li> <li>d. Details of any further aged creditors, which cause cash flow pressures.</li> </ul>	<p>The trust submits the required information to ESFA on time for a minimum of 12 months and until further notice</p>	<p>The management reports must be submitted to ESFA by the 10<sup>th</sup> of the following month, for a minimum of 12 months, until further notice</p>

<p>5. 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</p>	<p>Submit a written report, detailing the actions the trust has taken to strengthen the financial management and monitoring structures, to ESFA</p>	<p>By 1 November 2024</p>
<p>6. The trust should conduct an investigation to determine if there has been any fraud, irregularity or theft. The investigation should be supported by advice from an independent HR or financial audit company.</p>	<p>Submit a copy of the investigation report to ESFA</p>	<p>By 1 December 2024</p>
<p>7. The trust to set out the actions, that it has already initiated, to explore joining a high-quality multi-academy trust (MAT), including:</p> <ul style="list-style-type: none"> <li>a. the details of the MATs being considered</li> <li>b. evidence of discussions and scrutiny of options by all trustees</li> </ul> <p>This consideration and outcomes to be discussed with DfE</p>	<p>The trust board meets to discuss transferring the academy to a strong MAT and confirms its decision to DfE</p> <p>The trust provides a detailed breakdown of the reasoning behind its decision and produces evidence as requested in the condition</p>	<p>Evidence of discussions by 1 November 2024</p> <p>Discussion of the outcome of the discussions with DfE by 14 November 2024</p>
<p>8. The DfE 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 DfE as soon as they are available</p>	<p>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 ESFA/DfE as soon as they are available</p>	<p>Until the NTI is lifted</p>
<p>9. Work closely with DfE Director's representatives to formalise a partner trust to support the trust</p>	<p>Trusts should make reasonable endeavours to implement improvements identified through the partnership</p>	<p>By 1 November 2024</p>

10. The trust to report to DfE on:

- how it is managing the overlap between trustees and members with reference to 1.6 in the Academies Trust Handbook 2024
- its approach to managing conflicts of interest

Trust submits a report to DfE on how it is managing its trustee and member overlap and any conflicts of interest

By 1 November 2024