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for Education

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

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Date: 14 October 2024

Robert Hall  
Chair of Trustees  
Northern Ambition Academies Trust  
Crewe Road  
Airedale  
Castleford  
WF10 3JU

Company Number: 7556117

By email: [REDACTED]

Dear Mr Hall

### **Notice to improve: Northern Ambition Academies Trust**

We are writing to you in your capacity as the Chair of Northern Ambition Academies Trust (the Trust) to inform you that the Department for Education (DfE) has assessed that the Trust's breaches of the Academy Trust Handbook (ATH) relating to financial management 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.

Firstly, we want to thank you and the Trust for your cooperation with our team and the provision of information to DfE in order to understand the process followed regarding a payment made by the trust.

As you will be aware, the Trust did not seek prior ESFA approval before making the offer of a special staff severance payment to a member of staff which contained a non-statutory/non-contractual element of £50,000 or more. This was a breach of the 2023 ATH as set out at 5.11:

- *Where the academy trust is considering a staff severance payment, including a non-statutory/non-contractual element of £50,000 or more, (gross, before income tax or other deductions), ESFA's prior approval must be obtained before making any offer to*

*staff. ESFA will refer such transactions to HM Treasury, so trusts should allow sufficient time for proposals to be considered.*

In addition, we also consider that the Trust has breached the following sections of the ATH:

- *5.9: If an academy trust is considering a staff severance payment above statutory or contractual entitlements, it must consider the following issues before making a binding commitment:*
  - *That the proposed payment is in the trust's interests*
  - *Whether the payment is justified, based on legal assessment of the trust's chances of successfully defending the case at employment tribunal. If there is a significant prospect of losing the case, a settlement may be justified, especially if the costs of a defence are likely to be high. Where a legal assessment suggests the trust is likely to be successful, a settlement should not be offered*
  - *If the settlement is justified, the trust would need to consider the level of settlement. This must be less than the legal assessment of what the relevant body (e.g. an employment tribunal) is likely to award.*
- *5.10: Staff severance payments should not be made where they could be seen as a reward for failure, such as gross misconduct or poor performance. The only acceptable rationale in the case of gross misconduct would be where legal advice is that the claimant is likely to succeed in an employment tribunal because of employment law procedural errors. In the case of poor performance, an acceptable comparison would be the time and cost of taking someone through performance management and capability procedures.*
- *5.12: Settlements must not be accepted unless they satisfy the conditions as set out in the ATH.*
- *2.19: Management accounts must be shared with the chair of trustees 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*

It is our understanding that the Trust were also in breach of 2.18 of the 2023 ATH but resolved breaches proactively.

This letter and its annexes serve as a written Notice to Improve financial management at the Trust (Notice to Improve or "the Notice").

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 DfE, 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 this will be deemed a breach of the ATH. Further details of the approval process will also be forwarded to the Trust's Accounting Officer. 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.

The Trust is required to send an action plan detailing the steps the Trust will take to avoid a reoccurrence of this situation again with copies of any amended policies. Details of this will also be included in the subsequent communication mentioned above. DfE will monitor progress made towards meeting the requirements of this Notice and there will be regular case reviews to ensure compliance. 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, 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.

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]@education.gov.uk, 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 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 (<https://www.gov.uk/guidance/education-staffwellbeing-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



**Alison Wilson Regional Director for Yorkshire and Humber, DfE**



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

CC. Paul Greenough, Accounting Officer

Stephen Groves, Katie Robinson

## Notice to Improve

This Notice to Improve (the 'Notice') is a consequence of Northern Ambition Academies Trust (the 'Trust') failing to comply with the 2023 Academies Trust Handbook ('ATH') at:

*-5.9: If an academy trust is considering a staff severance payment above statutory or contractual entitlements, it must consider the following issues before making a binding commitment:*

- That the proposed payment is in the trust's interests*
- Whether the payment is justified, based on legal assessment of the trust's chances of successfully defending the case at employment tribunal. If there is a significant prospect of losing the case, a settlement may be justified, especially if the costs of a defence are likely to be high. Where a legal assessment suggests the trust is likely to be successful, a settlement should not be offered*
- If the settlement is justified, the trust would need to consider the level of settlement. This must be less than the legal assessment of what the relevant body (e.g. an employment tribunal) is likely to award.*

*-5.10: Staff severance payments should not be made where they could be seen as a reward for failure, such as gross misconduct or poor performance. The only acceptable rationale in the case of gross misconduct would be where legal advice is that the claimant is likely to succeed in an employment tribunal because of employment law procedural errors. In the case of poor performance, an acceptable comparison would be the time and cost of taking someone through performance management and capability procedures.*

*-5.11: Where the academy trust is considering a staff severance payment, including a non-statutory/non-contractual element of £50,000 or more, (gross, before income tax or other deductions), ESFA's prior approval must be obtained before making any offer to staff. ESFA will refer such transactions to HM Treasury, so trusts should allow sufficient time for proposals to be considered.*

*-5.12: Settlements must not be accepted unless they satisfy the conditions as set out in the ATH.*

*-2.19: Management accounts must be shared with the chair of trustees 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*

## **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 and return to compliance with the ATH.
3. The Trust should take all appropriate actions to ensure the action plan agreed with the Department for Education ('DfE') is fully implemented.
4. DfE 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 DfE to monitor compliance and progress.
6. The Trust is required to submit an action plan and any amended policies to DfE within the deadline as set out in Annex B.
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, DfE 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 DfE 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 DfE.
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, we will write to the Trust to confirm that the Notice has been lifted.

## Annex B Northern Ambition Academies Trust

### Table of conditions

The table below summarises the conditions that have been placed upon Northern Ambition Academies 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	Evidence required to show compliance with the notice	Timescale
<p>1. The Trust is required to:</p> <ul style="list-style-type: none"> <li>a) Comply with the funding agreement requirement to prepare monthly management account including an income and expenditure account, variation to budget report, cash flows and balance sheet every month setting out its financial performance and position.</li> <li>b) Provide management accounts which must be shared with the Chair of Trustees 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.</li> <li>c) Provide DfE with monthly management account sent to the Chair of Trustees. Monthly management account must be prepared including an income and expenditure account, variation to budget report, cash flows and balance sheet every month setting out its financial performance and position.</li> </ul>	<p>DfE receives the Trust’s monthly management accounts sent to the Chair of Trustees monthly from September 2024 which are complaint with the ATH, each month until the Notice is lifted.</p>	<p>Submit monthly management accounts within the following month from September 2024, and monthly thereafter, until the Notice is lifted.</p>
<p>2. The Trust must request approval, 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="https://education.gov.uk/customer-help-portal">Customer Help Portal (education.gov.uk)</a>.</p>	<p>The Trust must submit a request for approval for any actions relating to the delegated freedom</p>	<p>Until the Notice is lifted.</p>

Retrospective approval will be deemed as a breach of the ATH.	revoked under the terms of the Notice	
3. The Trust must thoroughly consider the above breaches of the ATH and set out an action plan it will take moving forward to ensure that it has robust internal controls and policies in place to ensure that these breaches do not re-occur.	An action plan provided by the trust acknowledging the action it will take to ensure future compliance with the ATH.	Within 8 weeks of the date of the Notice.
4. The Trust are to submit all formal financial returns to the DfE on time and without qualification.	Formal financial returns submitted to the DfE on time and without qualification	As per the condition
5. The Trust are to send notice of all board meetings to the DfE, as well as agendas and draft minutes (in particular all information relevant to the trust's financial or governance position) as soon as they are available.	Minutes of meetings and relevant information provided as per the condition	As per the condition and until the Notice is lifted.