



Department
for Education

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Email enquiry form:

www.education.gov.uk/contactus/dfe

Date: 6 December 2024

Mr Neil Lloyd
Chair of Trust Board
The Royal School, Wolverhampton
Penn Road
Wolverhampton
West Midlands
WV3 0EG

Company Number: 09250153

Dear Mr Lloyd

Notice to improve: The Royal School, Wolverhampton

We are writing to you in your capacity as the Chair of The Royal School, Wolverhampton (“the trust”) to inform you that the Department for Education (the department) has assessed that the trust is in breach of paragraph 2.10 of the Academy Trust Handbook as it was unable to approve a balanced budget in 2023/24. In its latest Budget Forecast Return (2024), the trust also forecasts to remain in a cumulative deficit in 2024/25, 2025/26 and 2026/27. This has resulted in concerns about financial management.

The trust has also breached the funding agreement as it has not complied with its pension requirements for its non-teaching members of staff as eligible members of staff have not been given access to the Local Government Pension Scheme (LGPS). This is a formal requirement of the trust’s funding agreement and clause 2.8 states “The Academy Trust must, in accordance with the Local Government Pension Scheme (Administration) Regulations 2008 and with Fair Deal for staff pensions guidance published by HM Treasury, ensure that all affected staff employed in the Academy other than teachers have access to the Local Government Pension Scheme”. This has resulted in concerns about governance oversight.

On this basis, we are issuing the trust with a Notice to Improve on financial management and governance grounds. We understand that this decision may be disappointing and want to assure you that we will continue to work with you in supporting the trust in taking positive action to meet the conditions as set out in the Notice to Improve.

This letter and its annexes serve as a written notice to improve the financial management and governance at the trust (Notice to improve or ‘the Notice’). It reflects the continued concerns on governance and oversight of financial management by the board.

The trust is required, pursuant to the provisions of the Academy Trust Handbook and the Funding Agreement, 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Being issued with a Notice means that certain delegated authorities, as defined in the Academy Trust Handbook, have been revoked. All transactions previously covered by these delegations, regardless of their size, must now be approved in advance by the department, 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
- carrying forward unspent General Annual Grant monies from one year to the next beyond any limit in the funding agreement
- pooling of General Annual Grant monies

If the trust seeks retrospective approval from the department this will be deemed a breach of the Academy Trust Handbook. 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.

The department 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. 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 Academy Trust Handbook. Failure to comply will be deemed a funding agreement breach and may lead to termination.

If continued non-compliance with the Academy Trust Handbook 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 circulate to all trustees and acknowledge receipt of this letter by email within three working days of the date of this letter to [REDACTED] who will be

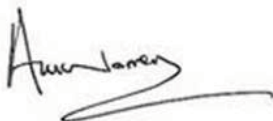
your main point of contact related to this Notice to Improve. In line with the requirements set out in our publishing policy, the trust has 10 working days to offer any final comments on factual accuracy to departmental colleagues before publication of this Notice. The trust is required to publish the 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. We ask the trust to make sure 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



Andrew Warren
Regional Director for West Midlands, Regions Group, Department for Education



Lindsey Henning
Director, Schools Financial Support and Oversight, Regions Group, Department for Education

CC. Tom Macdonald (Accounting Officer)
Keith Bradshaw (Member)
Martin White (Member)
Peter Hill (Member)
Rajinder Mann (Member)

Notice to improve

The Notice to improve (the 'Notice') is a consequence of The Royal School, Wolverhampton (the 'trust') having

- breached the Academy Trust Handbook (2.10) as it has been unable to approve a balanced budget.
- breached the funding agreement (2.8) as it has not offered access to the Local Government Pension Scheme for eligible members of staff.

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 Academy Trust Handbook.
3. The trust should take all appropriate actions to ensure the action plan agreed with the department is fully implemented.
4. The department 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 the department 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, the department 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 the department 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 department.
8. When the trust meets all the conditions outlined in this Notice, is fully compliant with the most recent edition of the Academy trust Handbook 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 The Royal School, Wolverhampton (“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> <p>a) Comply with the funding agreement requirement to submit all audited financial statements to the department on time and without qualification.</p> <p>b) The trust is required to submit the Budget Forecast Return by the deadline required by the department.</p>	<p>a) The department receives audited financial statements by 31 December each year until the Notice is lifted.</p> <p>b) The department receives the Budget Forecast Return by the date required, each year until the Notice is lifted.</p>	<p>Submit audited financial statements by 31 December each year until the Notice is lifted.</p> <p>Submit the Budget Forecast Return by the date required each year until the Notice is lifted.</p>
<p>2. The trust must review its financial management and monitoring structures with a view to further strengthening budget and financial management.</p>	<p>Submit written report of actions the trust has taken to strengthen the financial management and monitoring structures, including, but not limited to financial governance, ownership, responsibility and accountability.</p>	<p>This will be evidenced by a written report submitted within 8 weeks from the date of the letter.</p>
<p>3. Commission an external review of the trust’s management and governance arrangements to identify any gaps and recommendations for improvement.</p> <p>The scope of the review should include but not be limited to:</p>	<p>The trust provides the terms of reference and outcome report from the independent review of its financial management and governance arrangements.</p> <p>The trust must provide evidence of having reviewed</p>	<p>The terms of reference to be submitted to the department within 1 week of the terms being drafted.</p>

<ul style="list-style-type: none"> - 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) - Trust financial procedures and policies - Contracts and contract management <p>Where non-compliance or improvements are identified, the trust should provide the department with an action plan and timeline to address those issues.</p>	<p>and actioned any recommendations from the external review.</p> <p>If the review identifies any gaps in skills and experience at board level, the trust must provide an action plan to address gaps.</p>	<p>The findings of the review should be submitted to the department within 1 week from the receipt of the governance review report.</p> <p>The trust's action plan to implement the recommendations should be submitted to the department within 6 weeks from the receipt of the governance review report.</p>
<p>4. The department receives notice of all board meetings, including extra-ordinary meetings; and that the draft minutes (in particular all information relevant to the trust's financial or governance position) are forwarded to the department 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 the department as soon as they are available).</p>	<p>With immediate effect.</p>
<p>5. The trust must supply financial information monthly.</p>	<p>a) a detailed monthly cash flow forecast rolling 12 months ahead</p> <p>b) details of any further aged creditors, which cause cash flow pressures</p>	<p>By the 20th of each calendar month, until the department have confirmed that assurance of sustained financial stability has been evidenced.</p>

<p>6. Undertake a Schools Resource Management Adviser (SRMA) deployment and make reasonable endeavours to implement improvements identified in the report.</p>	<p>Following the deployment, the trust must produce an action plan on how they intend to implement appropriate recommendations identified by the SRMA.</p>	<p>Action plan to be submitted within 6 weeks of the completion of the SRMA deployment.</p> <p>Progress updates on the recommendations being implemented to be submitted quarterly, for the duration of the Notice.</p>
<p>7. The trust must submit a financial plan to the department which demonstrates how it will achieve a cumulative surplus position.</p>	<p>The trust must submit a robust financial plan that forecasts financial recovery until a cumulative surplus position is reached.</p>	<p>Within 6 weeks of the completion of the SRMA deployment.</p>
<p>8. The trust must request approval from the department, in advance, for any actions under the revoked freedoms in paragraph 6.18 of the Academy Trust Handbook. These requests should be sent using the Customer Help Portal. Retrospective approval will be deemed as a breach of the Academy Trust Handbook.</p>	<p>The trust must submit a request for approval for any actions relating to the delegated freedom revoked under the terms of the Notice.</p>	<p>Until the Notice is lifted.</p>
<p>9. Ensure that all necessary trustee contact details are up to date.</p>	<p>All fields specified in Get Information About Schools (GIAS) for the individuals must be completed before the Ntl can be lifted. The trust must ensure its record on GIAS for the individuals remains up to date.</p>	<p>Update GIAS within 4 weeks of the date of this letter.</p>

<p>10. The trust must submit an action plan to the department which demonstrates that the pension non-compliance issue is being addressed at pace.</p>	<p>An action plan detailing the steps the trust will take to offer eligible employees the LGPS and resolve the historic non-compliance.</p> <p>The action plan must include the following.</p> <ul style="list-style-type: none"> • A review of the employee records for all non-teaching members of staff across, both current and former employees, confirming the number of impacted employees (split by current and former employees). • The value of any contributions payable to the pension scheme by the employer and the employee for current employees (annual total for employer including split by primary and secondary contribution rate), and the total amount payable by employees compared to current pension scheme contribution. • A detailed plan covering how the trust will resolve the historic non-LGPS compliance. • An assessment of the potential risk of future legal challenge, linked to the trusts proposed plan for resolving the historic pensions error. • Evidence that the trust has engaged with the West Midlands Pension Fund and commenced the joining process. • Confirmation of engagement with AEGON Pensions and options considered to rectify the historic issue. • Evidence that the trust is offering affected staff free, independent advice on their pension options. 	<p>Action plan to be submitted within 6 weeks of the date of this letter.</p> <p>Progress updates on the action plan to be submitted monthly thereafter, for the duration of the Notice.</p>
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	<ul style="list-style-type: none">• A communication plan and timeframe for notifying both current and former employees of the error and how the trust will support employees to make informed decisions.	
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