



Department
for Education

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Date: 06 November 2024

Mr David Ruane
Chair of Trust Board
Dorrington Academy Trust
Dorrington Road
Perry Barr
Birmingham
West Midlands
B42 1QR

Company Number: 08049062
By email: d.ruane@dorrington.bham.sch.uk

Dear Mr Ruane

Notice to improve: Dorrington Academy Trust

I am writing to you in your capacity as the Chair of Dorrington Academy Trust (the Trust), to inform you that the Department for Education (the department) has assessed that the Trust's breaches of the Academy Trust Handbook relating to non-compliance in 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 management and governance grounds.

In doing so I want to assure you that I recognise the positive action the trust has recently taken to address the concerns. My team is committed to continuing to work with you in supporting the Trust to fully meet the conditions, as set out in this Notice to Improve.

As you are aware, the Education and Skills Funding Agency (the ESFA) undertook an investigation into potential irregularity at the Trust about non-compliance in your financial management and our concerns remain in relation to the breadth of evidence demonstrating a lack of effective practice in approaches to financial management at the Trust.

The investigation has found that the former accounting officer, who left on 31 August 2024, breached the relevant sections of the various academy handbooks including:

- 1.5.22 of the Academies Financial Handbook 2017
- 1.5.4-1.5.5 of the Academies Financial Handbook 2018 and 2019
- 1.28-1.31 of the Academies Financial Handbook 2020
- 1.37-1.40 of the Academy Trust Handbook 2021 and 2022 and
- 1.30-133 of the Academy Trust Handbook 2023.

The former accounting officer failed to uphold their personal responsibility to Parliament by not ensuring high standards of probity in managing public funds. Irregular spending was identified, including expenditure on luxury hotel stays, a Botox course, aromatherapy courses and a plastering course, none of which align with the 7 Principles of Public Life (Nolan Principles).

The ESFA determined that this spending was irregular and fell under the Academy Trust Handbook definition of novel, contentious and repercussive transactions. The Trust failed to refer these transactions for approval, breaching section 3.2.1 of the Academies Financial Handbook 2018 and section 5.5 of the Academies Financial Handbook 2019, 2020 and 2021. Furthermore, the Trust continued to offer aromatherapy treatments to staff, despite the auditor's 2021 report highlighting that the provision of cosmetic procedures was irregular.

Excessive spending on retirement gifts and a Harrods hamper for a consultant also breached sections 2.27- 2.28 of the Academy Trust Handbook 2021, failing to demonstrate propriety and regularity. The consultant had a direct role in the former accounting officer's performance management, leading to a real and perceived conflict of interest that the Trust did not adequately consider.

The Trust did not maintain transparency in handling related party transactions. The ESFA concluded that the Trust breached section 3.1.14 of the Academies Financial Handbook 2017, 3.10.3 of the Academies Financial Handbook 2018, 5.38-5.41 of the Academies Financial Handbook 2019 and 2020 and 5.38-5.42 of the Academy Trust Handbook 2021 by not maintaining adequate documentation, appropriately reporting related party transactions or seeking approval from the ESFA.

Additionally, the Trust's off-payroll chief financial officer arrangement was deemed a breach of section 1.36 of the Academies Financial Handbook 2020, 1.45 of the Academy Trust Handbook 2021 and 2022 and 1.38 of the Academy Trust Handbook 2023. Despite annual contract renewals, the Trust failed to notify the ESFA or obtain approval.

Until the conclusion of the investigation, the trust had a majority of members who were also trustees, in breach of section 1.6 of the Academy Trust Handbook 2023. Since then, however, I am pleased to note that the trust has become compliant as only one member remains a trustee. Finally, in May 2024, it was identified that the Trust breached the Terms and Conditions of the Grant Funding Agreement, Condition Improvement Fund 2022 to 2023, its own Funding Agreement (Clause 3.8) and the Trust was notified of breaches of the Academy Trust Handbook 2023 in respect of assuring Parliament, and the public, of high standards of probity in the management of public funds. (Sections 1.12, 1.28-1.33, 2.1, 2.7, 2.24-2.25 and 3.13).

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

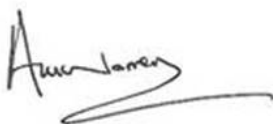
is required to publish the Notice on its website within 14 days of it being published on gov.uk and retain it there until the Notice is lifted.

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 (<https://www.gov.uk/guidance/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 in driving 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. John Harrison (Accounting Officer)
Jagmit Bhoji (Member)
Janet Hamilton-White (Member)
Karan Parmar (Member)

Notice to improve

The Notice to improve (the 'Notice') is a consequence of Dorrington Academy Trust (the 'Trust')

- Failing to appropriately notify the Education and Skills Funding Agency (ESFA) or seek approval for an off-payroll chief financial officer arrangement between September 2020 and January 2024, despite confirming that the off-payroll chief financial officer contract was reviewed each year. We therefore consider that the Trust has breached the Academies Financial Handbook 2020 (1.36), Academy Trust Handbooks 2021 and 2022 (1.45) and Academy Trust Handbook 2023 (1.38).
- Board meeting minutes, lacking reference to scrutiny and challenge regarding financial management and decision making around the related party transactions between June 2017 and June 2022. We therefore consider that the Trust has breached the Academies Financial Handbook 2017 (3.1.14), Academies Financial Handbook 2018 (3.10.3), Academies Financial Handbook 2019-2020 (5.38 – 5.41), Academy Trust Handbook 2021 (5.38-5.42).
- Failure to refer irregular transactions that meet the definition of novel, contentious and/or repercussive transactions for ESFA approval between May 2019 and February 2022. We therefore consider that the Trust has breached the Academies Financial Handbook 2018 (3.2.1) and the Academies Financial Handbooks 2019, 2020, and 2021 (5.5).
- Purchase of retirement gifts not deemed 'reasonable' in achieving propriety and regularity in the use of public funds between September 2021 and December 2021. We therefore consider that the Trust has breached the Academy Trust Handbook 2021 (2.27-2.28).
- A lack of separation of roles and lines of accountability at the Trust highlighted between September 2023 and September 2024. We therefore consider that during this time the Trust was in breach of the Academy Trust Handbook 2023 (1.6).
- Breaches of the Academies Financial Handbooks and Academy Trust Handbooks in respect of assuring Parliament, and the public, of high standards of probity in the management of public funds between September 2017 and August 2024. We therefore consider that the Trust has breached the Academies Financial Handbooks 2017 (1.5.22), 2018 and 2019 (1.5.4-1.5.5), 2020 (1.28-1.31) and the Academy Trust Handbooks 2021 and 2022 (1.37-1.40), and 2023 (1.30-1.33).
- Breach of Terms and Conditions of the Grant Funding Agreement (Condition Improvement Fund 2022–2023) and the Trust's own Funding Agreement (Clause 3.8). We therefore consider that the Trust has breached the Academy Trust Handbook 2023 (1.12, 1.28-1.33, 2.1, 2.7, 2.24-2.25, 3.13).

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 Dorrington 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	Evidence Required to Show Compliance with the Notice	Timescale
1. The Trust is required to: <ul style="list-style-type: none"> a) Comply with the funding agreement requirement to submit all audited financial statements to the department on time and without qualification. b) The Trust is required to submit the Budget Forecast Return by the deadline required by the department. 	<ul style="list-style-type: none"> a) The department receives audited financial statements by 31 December each year until the Notice is lifted. b) The department receives the Budget Forecast Return by the date required, each year until the Notice is lifted. 	<ul style="list-style-type: none"> Submit audited financial statements by 31 December each year until the Notice is lifted. Submit the Budget Forecast Return by the date required each year until the Notice is lifted.

Condition	Evidence Required to Show Compliance with the Notice	Timescale
<p>2. Ensure the Trust's governance structure is effective and compliant with the Academy Trust Handbook:</p> <p>a) The Trust is required to ensure all necessary Trustee contact details are up to date, maintain the position that the majority of members are also not trustees and consult with the department on any new governance appointments to ensure continued compliance.</p> <p>b) Establish up-to-date schemes of delegation (including financial powers) that meet the required criteria set out in the Academy Trust Handbook, ensuring clear lines of accountability between the Accounting Officer of the Trust and the Trustees, with evidence provided.</p> <p>c) Ensure the Trust's Chief Financial Officer is appropriately qualified and/or experienced in line with paragraph 1.39 of the Academy Trust Handbook.</p> <p>d) The trust must adopt the latest model Articles of Association and be operating on an up-to-date model funding agreement.</p>	<p>a) All fields specified in the Get Information About Schools Service for the individuals must be completed before the Notice can be lifted. The trust must ensure its record on the service remains up to date. The Trust agrees new governance appointments with the department.</p> <p>b) The department is satisfied the Trust has a strong governance structure in place, including a revised scheme of delegation and evidence of its use.</p> <p>c) The Trust's Chief Financial Officer has required qualification and/or experience to perform the role.</p> <p>d) Applications to adopt the latest articles and funding agreement submitted to the department for approval.</p>	<p>Within 8-12 weeks of the date of this letter.</p>

Condition	Evidence Required to Show Compliance with the Notice	Timescale
<p>3. Comply with any actions recommended as a result of the investigation report and commission an independent 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> <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>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 Academy Trust Handbook and the Companies Act 2006.</p> <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>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 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 terms of reference submitted to the department by 13 December 2024 (approximately 4 weeks from the Notice being published).</p> <p>The findings of the review and action plan to implement the recommendations should be submitted to the department 4 weeks from the receipt of the governance review report.</p>

Condition	Evidence Required to Show Compliance with the Notice	Timescale
<p>4. The Trust must seek approval from the department for specific financial transactions:</p> <p>a) any new contracts or contract extensions for consultancy services and professional advice</p> <p>b) all related party transactions.</p>	<p>a) Approval for all new contracts and contract extensions for consultancy services and professional advice are received before the transaction takes place.</p> <p>b) Approval for all related party transactions received before the transaction takes place.</p>	<p>For the full term of the Notice.</p>
<p>5. The Trust must implement a robust procurement policy:</p> <p>a) Ensure that the requirements of paragraph 2.28 of the Academy Trust Handbook are complied with.</p> <p>b) Update and maintain the register of interests as per the requirements of paragraphs 5.45 - 5.48 of the Academy Trust Handbook.</p>	<p>a) Documents setting out the procurement policy submitted to the department.</p> <p>b) Trust must publish an updated register of interests that meets all the requirements set out at 5.45 – 5.48 of the Academy Trust Handbook .</p>	<p>Within 4 weeks of the date of this letter.</p>
<p>6. The Trust must request approval from the department, in advance, for any actions under the revoked freedoms in Part 3 and Annex B 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>7. The department 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 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 and until the notice is lifted.</p>

Condition	Evidence Required to Show Compliance with the Notice	Timescale
<p>8. Undertake a Schools Resource Management Adviser (SRMA) deployment and make reasonable endeavours to implement improvements identified in the report.</p>	<p>The trust should provide the department with details of the actions they have taken to attempt to implement the improvements identified by the SRMA.</p>	<p>The SRMA deployment needs to be implemented within 3 months of the date of this letter. The timeframe for improvements identified by SRMA to be agreed in line with SRMA advice on publication of the report.</p>