



Education  
Funding  
Agency

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Email enquiry form:

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

Date: 6 November 2014

██████████ ██████████  
Bishop of Rochester Academy Trust  
Bishop of Rochester Academy  
Magpie Hall Road  
Chatham  
Kent  
ME4 5JB

## FINANCIAL NOTICE TO IMPROVE

I am writing to you in your capacity as the lead member of the Bishop of Rochester Academy Trust (the 'trust'). Tony Foot's letter of 3 October 2014 set out that the Education Funding Agency (EFA) was minded to issue a Financial Notice to Improve to the trust. Following the meeting at the trust on 24 October 2014 and our review of the information you have provided, I am now writing with my final decision.

In summary, we have continued significant concerns about the financial position of the trust given a forecast deficit position and cash-flow difficulties. We are also concerned about overall governance of the trust. This letter and its annex therefore serve as a written notice for the trust to improve financial management, control and governance.

Upon receipt of this Financial Notice to Improve ("the Notice"), all of the delegated authorities as identified in the Academies Financial Handbook (AFH) will be revoked, and all transactions by the trust previously covered by these delegations (regardless of size) must come to the EFA for approval. These delegated authorities shall be returned to the trust providing that the terms set out in the Notice have been complied with and continue to be complied with, to the satisfaction of the Secretary of State.

The trust is required, pursuant to the provisions of the AFH and the funding agreement, to comply with the terms of this Notice. These terms are set out in Annex A.

We will monitor progress made towards meeting the requirements associated with this Notice. We will lift the Notice when the requirements set out in the annex have been met. If the trust fails to comply with all the terms of this Notice the Secretary of State may consider it appropriate to terminate the funding agreement because of such non-compliance.

I should be grateful if you would acknowledge receipt of this letter by email and within three working days of the date of this letter to ██████████ at ██████████. Please also provide the information requested in Annex A by the dates set to ██████████.

I am also copying this letter to ██████████.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Sue Baldwin', with a stylized, cursive script.

Sue Baldwin  
Director, Academies and Maintained Schools

Cc [REDACTED]

**Bishop of Rochester Academy Trust (the “trust”)**

**Ref: BORAFNTI01**

**Conditions**

1. The Education Funding Agency (EFA) has decided to issue a Financial Notice to Improve (the ‘Notice’), pursuant to paragraph 1.5.6 of the Academies Financial Handbook 2014, as a consequence of :
  - The trust’s failure to submit an agreed and accurate budget forecast as at 31 July 2014 and to provide an accurate and fully agreed revised forecast in response to our letter of 3 October 2014.
  - The trust’s general management of the academy budget and finances, which has led to a significant expected cash flow deficit.
  - The trust’s governance arrangements that do not provide sufficient scrutiny of financial budgets and financial management.
2. The trust is required to:
  - a. On the trust’s financial position, send to the EFA by 27 November 2014:
    - Revised and updated budget forecasts signed off by the accounting officer and agreed by the Trustees. This should include an agreed 12 month cash flow forecast.
    - An outline recovery plan agreed by the trust that details expected savings over the short and medium term. This should include plans to avoid the anticipated impending cash flow deficit. We will need this information before we can consider any financial support arrangements.
    - A trust agreed three year budget forecast.
    - A full trust response to our letter of 3 October. We have noted that the response received on 13 October does not represent an agreed response from the trust as a whole.
  - b. On governance, send to the EFA by 27 November 2014:
    - An action plan to strengthen financial management and governance arrangements.
    - As part of this, we request changes to senior governance arrangements at the earliest opportunity. We have noted Trust ‘members’ have not fully endorsed/supported recent papers and revised budgets submitted by the Chair and this raises significant concerns on senior governance arrangements.

- c. Comply with the funding agreement requirement to submit all audited financial statements to the EFA on time by 31 December, without qualification.
3. Please note however:
    - The trust is responsible for its own financial management, control and governance and is expected to take appropriate action to strengthen the control weaknesses identified; and
    - The EFA must be satisfied that the trust is doing everything it can to rectify the weaknesses identified.

### **Monitoring and Progress**

4. The trust is required to meet the specific conditions outlined above to enable the EFA to monitor compliance and progress.
5. The trust must supply the EFA with monthly financial monitoring information by the 20th working day of each month for one year from the date of this Notice. The frequency of the financial monitoring information will be agreed with the Trust after this.
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 above timescales, the EFA will begin to consider and explore the contractual intervention options available.

### **Compliance and the End of the Notice Period**

7. Compliance with this Notice will be demonstrated when:
  - the Trust meets all the conditions in this notice and EFA is able to validate, by visiting the Trust to conduct testing as appropriate;
  - new governance arrangements and financial controls are being embedded within the Trust - validated under an EFA Financial Management and Governance Visit; and
  - EFA receives a future updated budget projection demonstrating, with reasonable certainty, that no additional financial support – beyond any support agreed as part of a recovery plan – is required.
8. If the trust meets the conditions outlined in this annex to the satisfaction of the EFA, the Notice will no longer apply and the EFA will write to the trust again to confirm that the Notice has been lifted.