



Education  
Funding  
Agency

Education Funding Agency  
Sanctuary Buildings  
Great Smith Street  
London  
SW1P 3BT

Tel: 0370 000 2288  
[efa-enquiry-form](#)

4 February 2016

Mr Derek Peale  
Headteacher and Accounting Officer  
Park House School  
Andover Road  
Newbury  
RG14 6NQ

Dear Mr Peale

### **Financial notice to improve – Park House School, West Berkshire**

I am writing to you in your capacity as Headteacher and Accounting Officer of Park House School Newbury (“the Trust”) to inform you of my decision to issue a Financial Notice to Improve (“the Notice”).

As you are aware, the Education Funding Agency (EFA) has been monitoring the Trust’s progress towards meeting the conditions set out in the “minded to” letter of 28 September 2015 issued by Jane Cunliffe. I recognise the cooperation and extensive discussions that have taken place with the Trust and officials, the changes you have already made to strengthen accounting and internal financial controls and that you have commissioned an external review of the financial management and governance arrangements that are now in place. However my concerns remain in relation to the weak financial position and financial management at the Trust. Having considered all of the evidence and representations, I am now writing with a final decision to issue a Financial Notice to Improve to the Trust.

This letter and its annex serve as a written notice to improve financial management, control and governance at the Trust. It reflects the weak financial position of the Trust and continued concerns on governance and oversight of financial management by the Board.

The Trust is required, pursuant to the provisions of the Academy Financial Handbook (AFH) and the Funding Agreement (FA), to comply with the terms of this Notice. These terms are set out in Annex A. In addition, the Notice will be published in due course on [www.gov.uk](http://www.gov.uk).

Upon receipt of the Notice, all of the delegated authorities as identified in the 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.

We will work with you to monitor progress towards meeting the requirements associated with this Notice. We will lift the Notice when the requirements set out in the annexes have been met. If the Trust fails to comply with all the terms of the 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 to [REDACTED] [REDACTED] within three working days of receipt.

I am copying this letter to the Chair of Governors and to Martin Post, Regional Schools Commissioner.

I look forward to hearing from you.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Sue Baldwin'. The signature is fluid and cursive, with the first name 'Sue' written in a larger, more prominent script than the last name 'Baldwin'.

**Sue Baldwin**  
**Director: Academies and Maintained Schools**

CC: Mr David Marson (Chair of Governors)  
Mr Martin Post (RSC for North West London and South Central Region)

**Park House School Newbury Trust****Summary**

The EFA has decided to issue this Notice as a consequence of the Trust:

- accruing a significant deficit
- experiencing cashflow difficulties which have required advances of GAG funding from EFA at short notice
- not ensuring robust financial management, control and oversight in the period leading up to the request for advances

**Conditions**

1. The Trust is required to agree with the EFA the scope of the commissioned external review of financial management and governance, to ensure that the necessary controls and procedures are in place. This review should consider whether the governing body has the right mix of skills and experience to oversee the financial recovery and ensure value for money in the Trust's operations. The findings of that review should be shared with the EFA, together with an action plan, agreed with the EFA, for implementation of the review's recommendations by 29 April 2016
2. Although the Trust has a recovery plan in place, provided to the DfE in November 2015, this needs to be developed further to reduce the level of advances required
3. The Trust should explore other possible avenues for funding. It should submit written evidence to the EFA of the outcome of this, whether or not funding is available, by 29 April 2016. If the Trust is able to secure funding from alternative sources then this will be subtracted from the amount made available by the EFA
4. The Trust is also required to:
  - comply with the funding agreement requirement to submit all audited financial statements to the EFA on time and without qualification, from 1 September 2015 to 31 August 2018
  - contact the EFA at an early stage if it believes that performance is falling behind the schedule set out in their action plan and, if necessary, engage further external financial and educational support to recover the position
5. Please note that:
  - the Trust is responsible for its own financial management, control and governance and is expected to take appropriate action to strengthen any control weaknesses identified by the external review
  - the Trust should take all appropriate actions to ensure the recovery plan and internal control action plan is fully implemented

- the EFA must be satisfied that the Trust is doing everything it can to rectify the weaknesses identified

### **Timescales**

6. The Trust must submit its action plan following an external review of financial management and governance (see condition 1) by 29 April 2016
7. We will agree further milestones as part of the finalisation of the Trust's recovery plan actions and in line with the Trust's action plan

### **Monitoring and Progress**

8. The Trust is required to meet the specific conditions outlined above to enable the EFA to monitor compliance and progress
9. The Trust must supply the EFA with financial monitoring information: (i) monthly until 31 August 2016 and then (ii) termly, before the last day of each term until the Notice is lifted
10. 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**

11. Compliance with this Notice will be demonstrated when:
  - the Trust's accounts relating to the academic year 2017/18 demonstrate that no further financial support will be required and any advances of funding have been repaid in line with terms agreed with the EFA
  - the EFA receives audited financial statements with an unqualified audit opinion that confirm that the Trust is performing, at minimum, to the standards agreed in the recovery plan
  - the EFA receives an auditors' management letter which does not raise concerns
12. When the Trust meets the conditions outlined in this annex, the Notice will no longer apply and the EFA will write to the Trust again to confirm that the Notice has been lifted.