



Education  
Funding  
Agency

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

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

29 February 2016

Mr Ben Dunne  
Principal and Accounting Officer  
Penketh High School  
Heath Road  
Penketh  
Warrington  
Cheshire  
WA5 2BY

Dear Mr Dunne

### **Financial notice to improve – Penketh Academy Trust**

I am writing to you in your capacity as Principal and Accounting Officer of Penketh Academy Trust (“the Trust”) to inform you of my decision to issue a Financial Notice to Improve (“the Notice”).

I recognise the substantial effort now being made by the Trust to resolve its long-term financial viability issues. However, my concerns remain in relation to the current weak financial position and financial management of the Trust, which has required the financial support of the EFA and, the Trust’s failure to balance its budget.

This letter and its annex therefore serve as a written notice to improve financial management and control at the Trust.

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 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 would 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 Vicky Beer, Regional Schools Commissioner.

I look forward to hearing from you.

Yours sincerely

A handwritten signature in cursive script, appearing to read 'Sue Baldwin'.

Sue Baldwin  
Director: Academies and Maintained Schools Group

cc: Mr John Holmes (Chair of Governors)  
Vicky Beer (RSC for Lancashire and West Yorkshire)

## Financial Notice to Improve

1. The EFA has decided to issue this Notice as a consequence of the Trust:
  - failing to balance its budget
  - requiring additional financial support from the EFA in order to meet its current liabilities.

## Conditions

2. The Trust is required to deliver against the recovery plan provided on 1 February 2016, achieving in-year balanced budgets in 2015/16 and onwards, and completing the repayment of the financial support provided by the EFA by 31 August 2019 at the latest
3. 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 over the period of this Notice
  - contact the EFA at an early stage if it believes that performance is falling behind the schedule set out in their recovery plan.
4. Please note that:
  - the Trust is responsible for its own financial management and control and and is expected to take appropriate action to strengthen any control weaknesses
  - the Trust should take all appropriate actions to ensure the recovery plan is fully implemented
  - the EFA must be satisfied that the Trust is doing everything it can to rectify the weaknesses identified.

## Monitoring and Progress

5. We expect the Trust to supply monthly financial monitoring information on the 10th of each month, commencing in March, initially for the first twelve months of the Notice. The frequency of the reports thereafter will be determined by the EFA, based on progress against the Trust's recovery plan.
6. The following items should be included in this return:
  - A revenue income and expenditure report setting out the financial position, set against both budget and forecast position, and with a narrative explaining significant variances. (Income and expenditure classifications in this report should mirror those in the recovery plan.)
  - A balance sheet showing the position at the end of the previous calendar month and forecast to the end of the academic year.

- A detailed monthly cash flow forecast rolling forward 12 months ahead.
  - Information on changes to the school's pupil number projections.
7. This information should be emailed to [REDACTED]. Please contact [REDACTED] if you are in any doubt as to the content or format of these monthly reports.
8. The EFA reserves the right to amend and add further specific conditions should they be required. 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**

9. Compliance with this Notice will be demonstrated when:
- financial recovery consistent with the agreed recovery plan has been sustained until 31 August 2019, as evidenced in the audited financial statements for that year
  - advances of funding can be repaid in line with agreed terms.
  - no audit qualification or adverse regularity opinions are recorded in the audited financial statements for the years 1 September 2015 to 31 August 2019
10. 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.