



Department  
for Education

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Date: 29/02/2024

Mrs J Power  
Chair of Trustees  
Walkwood Academy Trust  
Feckenham Road  
Headless Cross  
Redditch  
B97 5AQ  
Company Number: 8319098  
By email: [jpower@walkwoodms.worcs.sch.uk](mailto:jpower@walkwoodms.worcs.sch.uk)

**Dear Mrs Power**

### **Notice to improve: Walkwood Academy Trust**

We are writing to you in your capacity as the Chair of Walkwood Academy Trust “the Trust”, to inform you that the Education and Skills Funding Agency (ESFA) has assessed that breaches of the Academy Trust Handbook (ATH) relating to financial management are significant enough to warrant a Notice to Improve. On this basis, we are issuing your Trust with a Notice to Improve on financial grounds. We understand that this decision may be disappointing and want to assure you that we recognise the positive action the Trust has taken to date to address the concerns.

This letter and its annexes serve as a written Notice to Improve financial management at the Trust (Notice to Improve or “the Notice”). It reflects the continued concerns on governance, controls and oversight of financial management by the Board.

The Trust is required, pursuant to the provisions of the ATH and the Funding Agreement (FA), to comply with the terms of this Notice. These terms are set out at Annex A and Annex B.

Being issued with a Notice means that certain delegated authorities, as defined in the ATH, are revoked. All transactions previously covered by these delegations, regardless of their size, must now be approved in advance by ESFA, 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
- carry forward of unspent GAG from one year to the next beyond any limit in the funding agreement
- pooling of GAG

If the Trust seeks retrospective approval from ESFA this will be deemed a breach of the ATH. 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.

ESFA 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. However, 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.

In the event that the Trust fails to meet the requirements of this Notice to our satisfaction, the Trust will be considered to have failed to comply with the terms of the ATH. Failure to comply will be deemed a funding agreement breach and may lead to termination.

If continued non-compliance with the ATH 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 acknowledge receipt of this letter by email within three working days of the date of this letter to [rebecca.green@education.gov.uk](mailto:rebecca.green@education.gov.uk) 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 ESFA colleagues before publication. The Trust is required to publish the Notice on its website within 14 days of it being published on gov.uk and retain it on the website 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. Therefore, we ask the Trust to ensure 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.

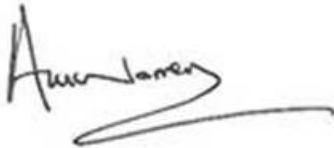
We will continue to keep clear and regular lines of communication open with you. As such, [rebecca.green@education.gov.uk](mailto:rebecca.green@education.gov.uk) will be in contact shortly to answer any questions you may have, and to discuss the next steps in more detail including any support the Trust may require to drive the necessary improvements.

We look forward to hearing from you.

Yours sincerely



**Lindsey Henning, Director, Schools Financial Support & Oversight , ESFA**



**Andrew Warren, Regional Director for West Midlands, DfE**

CC. Caroline Lowe (Accounting Officer), Tim Reid (Diocesan Director of Education – Worcester)

### **Notice to Improve**

This Notice to Improve (the 'Notice') is a consequence of Walkwood Academy Trust (the 'Trust')

- failing to manage its cash position robustly (leading to requirement for additional financial support from ESFA) as required in the Academy Trust Handbook (ATH) paragraph 2.21.
- Trustees and leadership have failed to ensure robust financial oversight of the trust as required in ATH 1.30,1.34, 2.1, 2.8, 2.19, 2,20, 2.24.
- The trust has failed to ensure sound control principles are in place as required in ATH 2.6, 2.7.
- The Accounting Officer failed to raise concerns as required in ATH 1.35, 1.36.

### **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 ATH.
3. The Trust should take all appropriate actions to ensure the action plan agreed with ESFA is fully implemented.
4. ESFA 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 ESFA 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, ESFA 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 ESFA 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 ESFA.
8. When the Trust meets all the conditions outlined in this Notice, is fully compliant with the most recent edition of the ATH and no other breaches have been identified, we will write to the Trust to confirm that the Notice has been lifted.

## Walkwood Academy Trust

### Table of conditions

The table below summarises the conditions that have been placed upon Walkwood 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 complies with the existing conditions of funding outlined in the approval letter dated 13 October 2023 – <ul style="list-style-type: none"> <li>a) Provision of management accounts.</li> <li>b) Internal audit and findings to ESFA.</li> <li>c) Regular meetings with ESFA to discuss. actions taken to maintain a balanced budget.</li> <li>d) Review/update and improve the financial policies and procedures.</li> <li>e) Undertake an internal investigation into how the position arose that trust was unable to pay salaries in full without an urgent discussion with the bank. Summary and actions to be shared with ESFA.</li> </ul>	Please refer to the approval letter dated 13 October 2023 for full narrative.	Until the Ntl is lifted.
2. Prepare and submit a revised Trust financial recovery plan. The plan must be submitted no later than 8 weeks from the date of the letter. The plan must include, as a minimum: <ul style="list-style-type: none"> <li>a) how the trust will achieve a balanced budget. This must be supported by robust budget forecasts through to 2025/26 with evidence to support</li> </ul>	Financial recovery consistent with the agreed Trust financial recovery plan is demonstrated as evidenced in the budget forecast return and the audited financial statements for that year.	8 weeks to submit the financial recovery plan

<p>realistic pupil number forecasts</p> <p>b) a clear efficiency and savings plan setting out specific areas where further savings can be made across the trust</p>		
<p>3. The trust must demonstrate that every possible economy is being made to achieve a balanced budget – this must consider the trust’s SLT structure, service providers and staffing costs.</p> <p>The trust must consider SRMA efficiency recommendations and provide a response detailing which efficiencies will be implemented, or otherwise giving compelling reasons as to why they cannot.</p>	<p>The trust should provide ESFA/DfE with details of the actions they have taken to attempt to implement the improvements identified by the SRMA. The trust may want to incorporate this within an action plan.</p>	<p>Timeframe identified by SRMA.</p>
<p>4. The trust must continue working with Diocese of Worcester to make new governance appointments to ensure the Board has the appropriate skill sets.</p>	<p>Trust agrees new governance appointments and appoints them within 8 weeks from date of the letter.</p>	<p>Within 8 weeks</p>
<p>5. The trust is required to:</p> <p>a) Comply with the funding agreement requirement to submit all audited financial statements to the ESFA on time and without qualification.</p> <p>b) Submit the Budget Forecast Return (BFR) by the deadline required by the ESFA.</p> <p>c) Contact the ESFA at an early stage if it believes it is not able to follow is falling behind the schedule set out in their Trust financial plan.</p>	<p>a) The ESFA receives audited financial statements until the Ntl is lifted.</p> <p>b) The ESFA receives BFR by date required, each year until Ntl is lifted.</p> <p>c) Returns show recovery in line with the Trust financial plan.</p>	<p>Submit audited financial statements by 31 December, annually until the Ntl is lifted.</p> <p>Submit BFR by date required, each year until Ntl is lifted.</p>
<p>6. The Trust requests approval from ESFA, in advance, for any actions under the revoked freedoms in paragraph 6.18 of the ATH 2023. These requests should be sent using the <a href="#">ESFA enquiry form</a>. Retrospective approval will be deemed as a breach of the ATH.</p>	<p>The Trust must submit a request for approval for any actions relating to the delegated freedom revoked under the terms of the Ntl.</p>	<p>Until the Ntl is lifted.</p>

<p>7. Ensure that all necessary Trustee contact details are up to date.</p>	<p>All fields specified in GIAS for the individuals must be completed before the Ntl can be lifted. The trust must ensure its record on Get information about schools for the individuals remains up to date.</p>	<p>4 weeks</p>
<p>8. The Trust to continue working with The Spire Church of England Learning Trust and the ESFA/DfE to facilitate the planned transfer of Walkwood Church of England Middle School by 1 June 2024 for the trust's subsequent wind-up.</p> <p>If unreasonably delay is caused to the transfer the Trust must –</p> <ul style="list-style-type: none"> <li>a) adopt the latest Model Funding Agreement and Articles of Association</li> <li>b) undertake an External Review of Governance, terms to be agreed by, and findings shared with the ESFA/DfE.</li> </ul>	<p>Trust provides information and completes all required actions for the transfer in accordance with the timeframe agreed.</p> <p>Academy transfers and the Trust winds up</p> <p>Delays to the transfer caused by the Trust will be considered to be a breach of this condition.</p> <p>Trust adopts latest Model Funding Agreement</p> <p>Trust undertakes an ERG</p>	<p>Suitable actions and timeframe to be determined in conjunction with The Spire Church of England Learning Trust.</p> <p>Transfer by 1 June 2024</p> <p>Timescale to be determined by DfE</p>