



Education & Skills  
Funding Agency

Education and Skills Funding Agency  
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SW1P 3BT  
Tel: 0370 000 2288

[ESFA-enquiry-form](#)

Mr Seamus Oates  
CEO TBAP Trust  
The Bridge AP Academy  
Finlay Street  
London  
SW6 6HB

17 August 2018

Company No: 08425513  
By email: [head@tbap.org.uk](mailto:head@tbap.org.uk)

Dear Mr Oates

### **Financial notice to improve: TBAP Trust**

I am writing to you in your capacity as the Accounting Officer for TBAP Trust (“the Trust”).

As you know, the Education and Skills Funding Agency (ESFA) has been monitoring the Trust’s progress towards meeting the conditions set out in Judy Anckorn’s warning letter of 22 January 2018 which was issued due to poor financial management and a request for £300,000 in advances of funding. Subsequently the ESFA has had to provide a further £650,000 in advances of funding to support with further financial cashflow deficits. The Trust has therefore not been viable without support from the ESFA.

I am pleased to note that the Trust has taken some strong steps to improve the governance and financial oversight, however, the Trust is now requesting further financial support, has failed to set a balanced budget for 2017/18, and has failed to establish strong internal financial controls. These are formal requirements of the Trust’s Funding Agreement (FA) as set out in the Academies Financial Handbook (AFH).

2.3.3 The Trust’s internal control framework must include:

- co-ordinating the planning and budgeting processes;
- applying discipline in financial management, including managing banking, debt and cash flow, with appropriate segregation of duties;
- preparation of monthly budget monitoring reports.

2.2.4 The board of trustees, and any separate committee responsible for finance, must:

- ensure good financial management and effective internal controls
- comply with their funding agreement and this handbook
- receive and consider information on financial performance at least three times a year, and take appropriate action to ensure ongoing viability

2.2.7 The Trust should manage its cash position, avoid going overdrawn, and reconcile bank and control accounts regularly.

Failure to comply with this is therefore a breach of the AFH and the FA.

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 in respect of 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 Financial Notice to improve (“the Notice”). These terms are set out in Annex A.

Upon receipt of this Notice, all of the delegated authorities as identified in the AFH (sections 3.6-3.10) will be revoked, and all transactions by the Trust previously covered by these delegations (regardless of size) must come to the ESFA 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 monitor progress made towards meeting the requirements associated with this Notice. ESFA will lift the Notice when the requirements set out in the annex have been met. In the event that the Trust fails to meet the requirements of this Notice, to the satisfaction of the Secretary of State, the Trust will be considered to have failed to comply with the terms of the AFH. As a result of this breach of the AFH, and therefore also of the FA, the termination process in the FA may be triggered. Depending upon the severity of the breach, this may be considered a material breach of the terms of the FA and lead to termination.

I should be grateful if you would acknowledge receipt of this letter by email within three working days of the date of this letter to Naya McDonnell at [naya.mcdonnell@education.gov.uk](mailto:naya.mcdonnell@education.gov.uk).

I am copying this letter to Paul Dix, the Chair of the Trust and Martin Post, the Regional Schools Commissioner (RSC) for North West London and South Central England.

I look forward to hearing from you.

Yours sincerely



**Mike Pettifer**

Director: Academies and Maintained Schools Group

CC. Paul Dix, Chair of the Trust  
Martin Post, Regional School's Commissioner

**Financial notice to improve**

1. The Education and Skills Funding Agency (ESFA) has decided to issue a Financial Notice to Improve (the 'Notice') as a consequence of TBAP Trust ('the Trust'):
  - Failing to set a balanced budget for 2017/18 onwards and failure to establish strong internal financial controls as required in the Academies Financial Handbook (AFH) paragraph 2.2.2 and 2.3.3.
  - The Trust's requirement for financial support from the ESFA in 2017/18 and 2018/19.

**Conditions**

2. The trust is required to:
  - i. Continue to supply monthly management accounts by no later than the 21st of the following month.
  - ii. Commission and complete an independent review of its financial systems and processes by no later than 31 October 2018. The terms of reference of the review and the outcome must be shared with the ESFA.
  - iii. Produce an updated recovery plan, using the full ESFA templates, which brings the trust into a healthy financial position by 2019/20 and submit this to ESFA by no later than 28 September 2018. This should include repayment of all advances of funding provided in full, and by no later than August 2020.
  - iv. Ensure that the final agreed recovery plan includes plans to strengthen financial management and internal controls and that the plan is kept on track, and meets the key milestones agreed with the ESFA.
  - v. Provide a firm date of when the next internal audit will be carried out and subsequently send the findings within 1 week of its submission to the board.
  - vi. Any changes to members of the board to be agreed with the ESFA in writing first until further notice.
  - vii. Submit all future financial returns on time.
  - viii. Increase regularity of Board meetings and particularly Audit & Finance Sub-Committees above the minimum of 3 times a year.
  - ix. Explore and adopt National Deals for contracts, unless evidence is provided to the ESFA that an alternative provides better value for money.
  - x. Work with an ESFA deployed School Resource Management Advisor.

**Financial management requirements**

3. The trust is responsible for its own financial management, control and governance and is expected to take appropriate action to strengthen the weaknesses identified.
4. The trust should take all appropriate actions to ensure an action plan is fully implemented.

5. The ESFA must be satisfied that the trust is doing everything it can to rectify the weaknesses identified.

### **Timescales**

6. The trust must adhere to deadlines associated with conditions, monitoring and progress actions and compliance set out in this notice.

### **Monitoring and progress**

7. Provide the ESFA with monthly management accounts and cash flow reports by no later than the 21st of each month, initially for the first twelve months of the Notice. The frequency of the reports thereafter will be determined by the ESFA, based on progress against the trust's recovery plan.
8. The Trust is required to meet the specific conditions outlined above to enable the ESFA to monitor compliance and progress.
9. 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 ESFA will consider and explore the contractual intervention options available.
10. The ESFA reserves the right to amend and add further specific conditions to this Notice should they be required.

### **Compliance and the end of the notice period**

11. Compliance with this Notice will be demonstrated when:

- The ESFA receives the terms of reference for the independent review of financial systems.
- The ESFA receives the outcome of the independent review of financial systems.
- The ESFA receives and approves a 3-5 year recovery plan.
- The Trust requests approval from the ESFA for any actions under the revoked freedoms in Part 3 and Annex B of the AFH. These requests should be sent us using the [ESFA-enquiry-form](#).
- The ESFA receives the Budget Forecast Return.
- The ESFA receives audited financial statements with an unqualified audit opinion 31 December 2018.
- The ESFA receives the auditors' management letter which does not raise concerns by 31 December 2018.

12. When the Trust meets the conditions outlined in this annex, the ESFA will write to the Trust to confirm that the Notice has been lifted.