



Education  
Funding  
Agency

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

**Tel: 0370 000 2288**

**Email enquiry form:**

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

**Date: 5 January 2015**

Mr Chris Gray  
Principal and Accounting Officer  
Grindon Hall Christian School  
Nookside  
Sunderland  
Tyne and Wear  
SR4 8PG

Dear Mr Gray

### **Financial Notice to Improve**

I am writing to you in your capacity as the Principal and Accounting Officer of Grindon Hall Christian School (“the Trust”) about the current financial position at Grindon Hall Christian School.

The financial health of the school has deteriorated since opening and the Trust has now requested recoverable financial support from the Education Funding Agency (EFA). Consequently I am issuing this Financial Notice to Improve (“the Notice”) which together with its annexes serve as notification that the Trust must improve financial management, control and governance and move promptly to a position where it is operating with a balanced budget. This letter should be read alongside [REDACTED] [REDACTED] email of 18 December.

You submitted a financial recovery plan to the EFA on 2 December 2014. This recovery plan sets out the Trust’s plans to achieve a balanced budget by 2016/17, but this is predicated on securing further recoverable advances from the EFA in the intervening period. I will consider, in January, whether additional recoverable funding would be appropriate for the remainder of the academic year. You should note that the EFA may revise and re-issue this Notice at any stage.

Upon receipt of this Notice, all delegated authorities and freedoms identified in Part 2 of the current Academies Financial Handbook (AFH), will be revoked. All transactions by the Trust covered in Part 2 of the current handbook, regardless of size, must come to the EFA for approval. These delegated authorities will 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. In addition, the Notice will be published in due course at [www.gov.uk/dfe](http://www.gov.uk/dfe).

We will monitor progress made towards meeting the requirements associated with this Notice. We will lift the Notice when the requirements it describes have been met. In the event that the Trust fails to meet the requirements of this Notice we will consider the contractual intervention options set out in the Trust's funding agreement.

I would be grateful if you would acknowledge receipt of this letter and provide a formal response recognising the requirements associated with this Notice within three working days of the date of this letter. This should be sent by e-mail to [REDACTED] [REDACTED] [REDACTED]. I am copying this letter to the Chair of the Governors.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Sue Baldwin', written in a cursive style.

Sue Baldwin  
Director, Academies and Maintained Schools Group

cc – Bob Mole, Chair of Governors

**Conditions**

1. The Education Funding Agency (EFA) is issuing a Financial Notice to Improve (the 'Notice') as a consequence of:
  - the Trust's failure to balance its budget;
  - the Trust's requirement for financial support from the EFA.
2. The Trust is required to:
  - Demonstrate satisfactory progress against the recovery plan provided on 2 December 2014;
  - Seek to reduce the amount of recoverable advances that might be sought from the EFA in 2015/16;
  - Ensure immediately that it is complying with requirements to submit financial returns to the EFA including the Budget Forecast Return and audited financial statement of accounts by the prescribed deadline and without qualification.
3. The Trust should contact the EFA at an early stage if it believes that financial performance is falling behind the schedule set out in the recovery plan.

**Monitoring and Progress**

4. The Trust must supply the EFA with monthly progress reports on the work undertaken and the improvements and outcomes achieved, as set out below, for the first 12 months of the Notice. The frequency of the progress reports thereafter will be determined by the EFA by 31 July 2015, based on progress against the Trust's recovery plan.
5. We expect the Trust to continue to supply the following financial information by the 10<sup>th</sup> of each month until further notice:
  - a. A revenue income and expenditure report, in which income and expenditure classifications should follow those in the recovery plan, setting out:
    - the budget for the current academic year to date;
    - actual results for the current academic year to date;
    - a narrative explaining any significant variances for the year to date;
    - the budget for the current full academic year as stated in the recovery plan;
    - the latest forecast for the current full academic year; and
    - a narrative explaining any significant variances for the current full academic year.

- b. A balance sheet showing the position at the end of the last calendar month and forecast to the end of the academic year.
- c. A detailed monthly cash flow forecast rolling forward 12 months ahead.

This financial information should be emailed simultaneously to [REDACTED] [REDACTED] and [REDACTED] [REDACTED] at [REDACTED] and [REDACTED]

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

- 6. Compliance with this Notice will be demonstrated by delivery of the requirements set out within it. We may revisit the compliance conditions at any time.
- 7. When the Trust meets the conditions outlined in this Notice, the Notice will no longer apply and the EFA will write to the Trust again to confirm that the Notice has been lifted.

**Responsibilities of the Trust**

1. The recovery plan provided by the Trust on 02 December 2014 provides a strategy by which the Trust will increase pupil numbers and some income; as well as making significant savings, to secure the Trust's long-term viability. However, it includes a requirement for recoverable advances of funds.
2. The Trust should take all appropriate action to ensure the agreed recovery plan is fully implemented, strengthening the control and governance procedures where necessary. The EFA will review the Trust's monthly progress reports against the agreed recovery plan.
3. The Trust should ensure that financial recovery is consistent with the agreed recovery plan and sustained until 31 August 2018, as evidenced in the audited financial statements for that year, demonstrating no further requirement for deficit funding. In doing this, the Trust should ensure they achieve delivery of appropriate financial savings and that increased income is realised.
4. The Trust should take all appropriate action to ensure that the audited financial statements for any years from 1 September 2013 up to 31 August 2018 do not include an audit qualification or adverse regularity opinions.