



Education & Skills
Funding Agency

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

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

16 March 2018

Dianne Smith – Chair of Governors
UTC@harbourside
Railway Quay
Newhaven
East Sussex
BN9 0ER

Dear Ms Smith,

Financial notice to improve: UTC@harbourside

I am writing to you in your capacity as Chair of Governors for UTC@harbourside ('the Trust') as I am concerned about the failures in governance and financial management at the Trust following a request for financial support, failure to produce a balanced budget and failure to submit audited accounts on time.

Paragraphs 2.2.2 and 2.2.7 of the Academies Financial Handbook (AFH) clearly state that the Trust should set a balanced budget and manage its cash position. Paragraph 1.4.2 also states:

As companies, academy trusts must produce audited accounts....The audited accounts must be submitted to the ESFA by 31 December each year.

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 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. We 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 [REDACTED]

I am copying this letter to Dominic Herrington, Regional Schools Commissioner for South East and South London.

I look forward to hearing from you.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'M. Pettifer', with a large, sweeping flourish extending to the right.

Mike Pettifer

Director, Academies and Maintained Schools Group

CC: Adanma Umunna, Principal
Dominic Herrington, Regional Schools Commissioner

Financial Notice to Improve

1. The Education and Skills Funding Agency (ESFA) is issuing a Financial Notice to Improve (the 'Notice') as a consequence of:
 - the Trust's failure to produce a balanced budget and manage its cash position as required in the AFH paragraphs 2.2.2 and 2.2.7
 - the Trust's failure to submit its audited financial statements and auditor's management letter to the ESFA as required in the AFH paragraph 1.4.2

Conditions

2. The Trust is required to undertake an integrated curriculum financial review to identify financial savings and produce a revised recovery plan for submission to the ESFA. The recovery plan must demonstrate:
 - a balanced budget no later than 2019/20 showing that no further funding is needed beyond 2018/19
 - show full repayment of outstanding PNA and any advances received in 2018/19
 - pupil growth at a realistic rate supported by evidence such as local demographics or feeder school knowledge.
3. The Trust is required to submit the Budget Forecast Return Outturn (BFRO) and the Budget Forecast Return (BFR) by the deadline required by the ESFA.
4. The Trust is required to submit the 2016/17 audited financial statements and 2017/18 audited financial statements by the deadline required by the ESFA.
5. The Trust must submit to the ESFA:
 - minutes of each meeting of the Trust and each of its sub committees
 - monthly management accounts and cash flow forecasts
 - monthly pupil number forecasts

Financial Management Requirements

6. The Trust is responsible for its own financial management, control and governance and is expected to take appropriate action to strengthen the weaknesses identified.
7. The ESFA must be satisfied that the Trust is doing everything it can to rectify the weaknesses identified.

Timescales

8. The Trust must provide the revised recovery plan by 13 April 2018.
9. The BFRO is due to the ESFA by 21 May 2018 and the BFR is due by 30 July 2018.
10. The 2016/17 audited financial statements are due to the ESFA by 23 March 2018.

11. The 2017/18 audited financial statements are due to the ESFA by 31 December 2018.

12. The Trust must provide monthly management accounts, cash flow forecasts and pupil number forecasts on eighth of each month.

Monitoring and Progress

13. The Trust is required to meet the specific conditions outlined above to enable the ESFA to monitor compliance and progress.

14. 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 begin to consider and explore the contractual intervention options available.

Compliance and End of Notice Period

15. Compliance with this Notice will be demonstrated when:

- The Trust has submitted a recovery plan which the ESFA has agreed is appropriate to address the areas of non-compliance with the AFH
- 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 using the [esfa-enquiry-form](#)
- All returns due to the ESFA are submitted on time, without qualification or commentary that raises concerns

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