



Education & Skills
Funding Agency

Education and Skills Funding Agency
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www.education.gov.uk/efa-enquiry-form

27 April 2021

Barbara Stephens
Chair of Governors
Energy Coast UTC
Blackwood Road
Lillyhall, Workington
Cumbria
CA14 4JW

Dear Ms Stephens

Financial Notice to Improve

On 28 March 2017, Mike Pettifer wrote to you in your capacity as the Chair of Governors at Energy Coast UTC to serve notice that the Energy Coast UTC Trust ('the trust') was required to improve financial management, control and governance at the trust.

This was as a consequence of the historic failure of governance and financial management and control which were highlighted in the 2016 report by Provider Market Oversight (formerly Provider Risk Assurance) and the external audit you commissioned. These reports cited a number of material weaknesses in the accounting practice and internal control systems of the trust. The Financial Notice to Improve (FNtI) set out the actions that were needed to be taken by the trust to make sure necessary improvements were made.

We have closely monitored the trust's progress against the conditions set out in the notice, which required the trust to develop and implement an action plan which responded to the issues identified in the ESFA's report, including ensuring that:

- all service level agreements (SLAs) and contracts are compliant with EU/UK procurement law and AFH requirements.
- where any potential related party transaction (RPTs) exists the service level agreements (SLAs) are "at cost" and the Trust has sufficient supporting processes and procedures to assure the ESFA of this. A statement of assurance should also be included in the financial statements where RPTs of this nature exist. This may include identifying any elements that may have previously been charged as profit.
- adequate financial management and governance arrangements are in place to assure the financial position of the Trust and avoid:
 - conflicts of interest
 - novel and contentious payments
 - accounting irregularities
 - inappropriate use of capital funds on revenue expenses

- a review is undertaken of the use of capital grant funding to ensure that restricted capital funds have been used for the purposes intended.
- the trust has a Board that is sufficiently skilled, experienced and structured to maintain adequate oversight in accordance with paragraph 1.5.10 of the AFH.
- the ESFA receives appropriate assurance that improvements have been ratified and embedded.

I am pleased to inform you that I am satisfied that the FNtl conditions have been met. As a result, the FNtl will be lifted with effect from the date of this letter.

This letter will be published on the GOV.uk website. I am copying this letter to Cherry Tingle, Accounting Officer of the trust and Katherine Cowell, Regional Schools Commissioner North.

It is important that the trust continues to embed the controls and processes which have led to this improvement and continues to exercise strong financial oversight of the trust, including ensuring that in-year balanced budgets are set and achieved every year. I would like to thank you for your contribution in addressing the issues that were identified and subsequent work in ensuring the trust has reached its current position.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Warwick Sharp', is centered on a light gray background.

Warwick Sharp
Director, Academies and Maintained Schools Directorate

Cc: Cherry Tingle – Principal
Katherine Cowell – Regional Schools Commissioner for the North