



Education & Skills  
Funding Agency

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

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

26 March 2021

Adele Haysom  
Chair of Trustees  
Bristol and South Gloucestershire UTC  
Bristol Technology & Engineering  
Academy  
New Road  
Stoke Gifford  
Bristol  
BS34 8SF

Company Number: 07638089

Dear Ms Haysom

### **Financial Notice to Improve: Bristol and South Gloucestershire UTC (BTEA)**

I am writing to you in your capacity as the Chair of Bristol and South Gloucestershire UTC (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 [REDACTED] letter of December 2017. I recognise the cooperation and extensive discussions that have taken place between the Trust and officials and the changes you have already made to strengthen accounting and internal financial controls. However, my concerns remain in relation to the weak financial position and financial management at the Trust.

Paragraphs 2.1 - 2.10 of the Academies Financial Handbook 2020 clearly states:

2.1 Trustees and management **must** maintain robust oversight of the academy trust.

2.2 The trust **must** take full responsibility for its financial affairs, stewardship of assets and use resources efficiently to maximise outcomes for pupils.

2.7 The control framework **must**:

- ensure delegated financial authorities are complied with
- maintain appropriate segregation of duties
- co-ordinate the planning and budgeting process
- apply discipline in financial management including managing debtors, creditors, cash flow and monthly bank reconciliation

2.8 The board of trustees **must**:

- ensure that financial plans are prepared and monitored, satisfying itself that the trust remains a going concern and financially sustainable
- take a longer-term view of the trust's financial plans consistent with the requirement to submit three-year budget forecasts to ESFA

2.10 The board of trustees **must** approve a balanced budget, and any significant changes to it, for the financial year to 31 August, which can draw on unspent funds brought forward from previous years. The board **must** minute its approval.

2.11 The board **must** ensure budget forecasts for the current year and beyond are compiled accurately, based on realistic assumptions including any provision being made to sustain capital assets, and reflect lessons learned from previous years.

This letter and its annexes serve as a written notice to improve financial management, control and governance at the Trust (Financial Notice to Improve or “the Notice”). 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 Notice. These terms are set out in Annex A and Annex B.

Being issued with a Notice means that certain delegated authorities, as defined in the AFH, have been 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
- GAG carry forward from one year to the next beyond any limit in the funding agreement and the pooling of GAG by MATs.

If the Trust comes to the ESFA to seek retrospective approval this will be deemed a breach of the AFH. Further details of the approval process will be forwarded to the 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.

We will monitor progress made towards meeting the requirements of this Notice. We will lift the Notice when the requirements set out in the annex have been met in full.

We reserve the right to issue a revised Notice and add further specific conditions if required, should the trust fail to make sufficient progress against the original 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 the satisfaction of the Secretary of State, the Trust will be considered to have failed to comply with the terms of the AFH. This will amount to a breach of the terms of the FA and may lead to termination.

If continued non-compliance with the AFH occurs, we may also refer the case to the Charity Commission and/or Insolvency Service for further investigation, as deemed appropriate in the circumstances.

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] or [REDACTED]. In line with the requirements set out in ESFA's publishing policy, the Trust has 10 working days to offer any final comments on factual accuracy before publication. The Trust is required to publish the FNtl on its website within 14 days of it being issued and retain it on the website until the FNtl is lifted by ESFA.

I am copying this letter to the Accounting Officer David Terry, Trust Member Alex Fitzhugh, and Hannah Woodhouse the Regional Schools Commissioner (RSC) for the South West.

I look forward to hearing from you.

Yours sincerely



**Warwick Sharp**  
**Director, Academies and Maintained Schools Directorate**

CC. David Terry - Accounting Officer of Trust  
Hannah Woodhouse - SW Regional Schools Commissioner  
Commander Kevin Noakes - Member  
Ed Preston - Member  
Pritesh Narayan - Member

### **Financial notice to improve**

The Education and Skills Funding Agency (ESFA) has decided to issue a Financial Notice to Improve (the 'Notice') as a consequence of Bristol and South Gloucestershire UTC's (the 'Trust') failure to meet the conditions set out in the Academies Financial Handbook 2020.

Paragraphs 2.1 to 2.11 of the Academies Financial Handbook 2020 clearly states:

2.1 Trustees and management **must** maintain robust oversight of the academy trust.

2.2 The trust **must** take full responsibility for its financial affairs, stewardship of assets and use resources efficiently to maximise outcomes for pupils.

2.7 The control framework **must**:

- ensure delegated financial authorities are complied with
- maintain appropriate segregation of duties
- co-ordinate the planning and budgeting process
- apply discipline in financial management including managing debtors, creditors, cash flow and monthly bank reconciliation

2.8 The board of trustees **must**:

- ensure that financial plans are prepared and monitored, satisfying itself that the trust remains a going concern and financially sustainable
- take a longer-term view of the trust's financial plans consistent with the requirement to submit three-year budget forecasts to ESFA

2.10 The board of trustees **must** approve a balanced budget, and any significant changes to it, for the financial year to 31 August, which can draw on unspent funds brought forward from previous years. The board **must** minute its approval.

2.11 The board **must** ensure budget forecasts for the current year and beyond are compiled accurately, based on realistic assumptions including any provision being made to sustain capital assets, and reflect lessons learned from previous years.

### **Conditions**

The trust is required to comply with all of the conditions set out in Annex B.

### **Financial management requirements**

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 Academies Financial Handbook.

The Trust should take all appropriate actions to ensure the action plan agreed with the ESFA is fully implemented.

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

## **Monitoring and progress**

The Trust is required to submit the evidence for the specific conditions to the timescales outlined in Annex B to enable the ESFA to monitor compliance and progress.

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, the ESFA will begin to consider and explore the contractual intervention options available.

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

As outlined in Annex B, the trust is required to submit evidence to demonstrate compliance with the conditions of this notice, which the 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 the ESFA.

When the Trust meets all the conditions outlined in this Notice, is fully compliant with the most recent edition of the AFH and no other breaches have been identified, the ESFA will write to the Trust to confirm that the Notice has been lifted.

## Annex B Proposed conditions for Financial Notice to Improve - BTEA

Standard Condition	Evidence	Timespan
<p>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 Outturn (BFRO) by the deadline required by the ESFA.</p> <p>c) The Trust is required to submit the Budget Forecast Return (BFR) by the deadline required by the ESFA.</p> <p>d) 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>The ESFA receives audited financial statements by 31 December, each year until the FNtI is lifted.</p> <p>The ESFA receives BFRO by date required, each year until FNtI is lifted. As set out in the AFH.</p> <p>The ESFA receives BFR by date required, each year until FNtI is lifted. As set out in the AFH</p> <p>Returns show recovery in line with the Trust financial plan.</p>	<p>Submit audited financial statements by 31 December, each year until the FNtI is lifted.</p> <p>Submit BFRO by date required, each year until FNtI is lifted.</p> <p>Submit BFR by date required, each year until FNtI is lifted.</p>
<p>The Trust requests approval from the ESFA, in advance, for any actions under the revoked freedoms in Part 3 and Annex B of the AFH. These requests should be sent using the <a href="#">esfa-enquiry-form</a>. Retrospective approval will be deemed as a breach of the AFH.</p>	<p>The Trust must submit a request for approval for any actions relating to the delegated freedom revoked under the terms of the FNtI.</p>	<p>Until the FNtI is lifted.</p>
<p>Ensure that all necessary Trustee contact details are up to date. The records required in GIAS for the trust are:</p> <ul style="list-style-type: none"> <li>• members</li> <li>• chair of trustees</li> <li>• all other trustees</li> </ul>	<p><b>All fields specified in GIAS for the individuals must be completed before the FNtI can be lifted.</b></p> <p>The trust must ensure its record on Get Information About Schools (GIAS) for the individuals remains up to date.</p>	<p>4 weeks of issuing FNtI</p>

<ul style="list-style-type: none"> <li>• accounting officer</li> <li>• chief financial officer</li> </ul> <p>including direct contact details for all.</p>		
<p>Increase regularity of Board meetings and particularly Audit &amp; Finance Sub-Committees above the minimum of 3 times a year. <b>Recommend 6 times per year.</b></p>	<p>The trust submits minutes confirming the scheduling of an increase in board meetings above the minimum of 3 times a year and ensures that agenda and draft minutes are forwarded to the ESFA as soon as they are available.</p>	<p>Timetable to be set within 4 weeks of the FNTI notification</p>
<p>The Trust must consider BTEA joining a strong Multi-Academy Trust (MAT).</p> <p>i. If a decision to transfer the academy into a multi academy trust (MAT) is not made by <b>31 July 2021</b>, the Trust must increase the number of members or trustees by a minimum of 4.</p> <p>ii. New appointments to the trust board, or the members, must be approved by ESFA and RDD.</p>	<p>Trust agrees to join a strong MAT.</p> <p>Business case already provided by the proposed MAT, Olympus Academy Trust.</p> <p>i. The trust provides details of new appointments and minutes to show board approval.</p> <p>ii. Trust to submit details of proposed appointments, including a brief bio and what skills they will bring to the role.</p>	<p>Transfer arrangements confirmed by <b>31 July 2021.</b></p> <p>Agreement in principle from BTEA and Olympus already obtained.</p> <p>If a decision is not agreed, the condition to increase trustees or members will be enforced.</p>
<p>We will expect the trust to supply the following financial information on a monthly basis for a period of 12 months.</p>	<p>Trust submits the required information to ESFA on time for a minimum of 12 months and until further notice.</p>	<p>The management reports must be submitted to the ESFA by <b>10th of the month</b>, for a</p>

<p>The frequency of reports thereafter will be determined by the ESFA, based on progress against the Trust financial plan:</p> <ul style="list-style-type: none"> <li>a. Revenue income and expenditure report with a narrative explaining any significant variances for the current full academic year. Income and expenditure classifications in this report should follow those in the Trust financial plan.</li> <li>b. A balance sheet showing the position at the end of the last calendar month and forecast to the end of the academic year; and</li> <li>c. A detailed monthly cash flow forecast rolling 12 months ahead and reconciling back to previous months actuals.</li> <li>d. Aged creditor report from finance system</li> <li>e. Aged debtor report from finance system</li> <li>f. Provide separate accounting details for any 'central' or 'core' teams within the trust.</li> <li>g. Copies of monthly bank statements for all accounts held</li> </ul>		<p>minimum of <b>12 months</b>, until further notice.</p>
<p>The trust must demonstrate that every possible economy is being made to achieve a balanced budget – this must consider the Trust-wide SMT structure, service providers and staffing costs across its academies.</p>	<p>SRMA to be deployed.  Trust to review the report and implement the</p>	<p>Within <b>8 weeks</b> of the deployment completing</p>



<p>The Trust must demonstrate that it has made use of the School Resource Management tools available at <a href="https://www.gov.uk/government/collections/schools-financial-health-and-efficiency">https://www.gov.uk/government/collections/schools-financial-health-and-efficiency</a> and also engaged fully with any additional resources made available through this programme i.e. a School Resource Management Adviser.</p>	<p>actions.</p>	
<p>The trust should make reasonable endeavours to implement improvements identified by an SRMA.</p>	<p>The trust should provide ESFA 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>Prepare and submit a revised Trust financial plan as requested and continue to provide financial information to support the business case to implement the transfer.</p>	<p>Financial information is consistent with the agreed Trust financial plan and demonstrates the trusts management of their cashflow through to the completion of the transfer.</p> <p>The trust must submit the completed budget forecast return and the audited financial statements (2020/21) as scheduled.</p>	<p>Monthly information, including updated cashflow to be shared on request.</p> <p>Complete and submit regular financial returns as per ESFA schedules.</p>