



Education & Skills
Funding Agency

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

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

23 February 2018

Mr Bill Webster
Chair of Interim Management Committee
Bolton UTC
The Stoller Building
Deane Road
Bolton
BL3 5AG

Dear Mr Webster

Financial notice to improve: Bolton UTC

I am writing to you in your capacity as Chair of the Interim Management Committee for Bolton UTC ('the Trust').

I am concerned about the failures in governance and financial management and control which have been highlighted in the report from the ESFA Provider Risk Assurance team. The report cited a number of material weaknesses in the accounting practice and internal control systems of the Trust. The evidence reviewed does not provide the ESFA with assurance of good financial management and governance, and breaches elements 1.5.10, 1.5.11, 2.1.4, 2.3.5, 2.4.2, 2.4.4, 3.1.3 and 4.7.4 of the AFH.

This letter and its annex consequently serve as a written notice to improve financial management, control and governance at the Trust. It reflects the continued concerns about governance and the oversight of financial management by the Board.

The Trust is required, pursuant to the provisions of the Academies 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. In addition, the Notice will be published in due course on www.gov.uk.

Upon receipt of this Notice, all of the delegated authorities as identified in the AFH 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 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].

I am copying this letter to Vicky Beer, Regional Schools Commissioner for Lancashire and West Yorkshire.

I look forward to hearing from you.

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

Yours sincerely

Mike Pettifer

Director: Academies and Maintained Schools Group

CC. Liam McDaid, Principal

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 Bolton UT Trust's ('the Trust'):
 - failure to demonstrate adequate financial control and governance

Conditions

2. The Trust is required to develop and implement an action plan which responds to the issues identified in the ESFA's report, including ensuring that:
 - all contracts are compliant with EU/UK procurement law and AFH requirements
 - where any potential related party transaction (RPTs) exists the service level agreements 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 – particularly between the IMC members, current or future governors, and university and employer sponsors/partners of the UTC
 - novel and contentious payments
 - accounting irregularities
 - 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
3. The Trust ensures there are clear lines of accountability between the Principal of the UTC and the Governing Body, including effective oversight and support for financial management.
4. The Trust ensure there is at least one proactive employer sponsor fully engaged with the UTC, supporting governance, curriculum development and marketing.
5. The Trust must gain the Minister's agreement to join a strong Multi-Academy Trust (MAT) in September 2018. This MAT will be from a selection determined by the Department.
6. The Trust must submit:
 - minutes of each meeting of the Trust and each of its sub committees
 - monthly management accounts
 - the Budget Forecast Return (BFR) by 31 July 2018.

Financial management requirements

7. The Trust is responsible for its own financial management, control and governance and is expected to take appropriate action to strengthen the weaknesses identified.

8. The Trust must ensure an action plan which addresses the issues identified in the FMG review is fully implemented.
9. The ESFA must be satisfied that the Trust is doing everything it can to rectify the weaknesses identified.

Timescales

10. The Trust must provide the action plan by 23 March 2018.
11. Once the ESFA has approved the action plan, evidence of the completion of all actions should be provided to the ESFA within three months.
12. The BFR return is due to the ESFA by 31 July 2018.

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 the end of the notice period

15. Compliance with this Notice will be demonstrated when:
 - The Trust has submitted an action plan which the ESFA has agreed is appropriate to address the areas of non-compliance with the AFH
 - The Trust has provided evidence that it has completed all the actions contained within its action 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 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.