



Education & Skills
Funding Agency

Education and Skills Funding Agency
Sanctuary Buildings
Great Smith Street
London
SW1P 3BT
Tel: 0370 000 2288
[ESFA-enquiry-form](#)

21 October 2022

Martyn Worrall
Queen Elizabeth Grammar School
Ullswater Raod
Penrith
Cumbria
CA11 7EG
Company Number: 07584063

Dear Mr Worrall

Notice to improve: Queen Elizabeth Grammar School Penrith

I am writing to you in your capacity as the Chair of Queen Elizabeth Grammar School Penrith to inform you that we are issuing the trust with a Notice to Improve for financial management and compliance concerns.

As you know, the Education and Skills Funding Agency (ESFA) received allegations on 6 November 2019 about Queen Elizabeth Grammar School Penrith. The allegations related to the application for, and implementation of, 4 Condition Improvement Fund (CIF) projects during the financial years ending 31 March 2016/17 and 2017/18. We established that work was undertaken outside of the agreed project scope and without approval, which the trust knowingly agreed to. To note, we recognise the cooperation and discussions that have taken place between the trust and ESFA to begin transfer of Queen Elizabeth Grammar School Penrith to West Lakes Multi-Academy Trust. However, my concerns remain in relation to the financial management at the trust.

This letter and its annexes serve as a written notice to improve financial management at the Trust (Notice to improve or “the Notice”). It reflects the poor oversight of financial management by the Board.

The Trust is required, pursuant to the provisions of the Academy Trust Handbook (ATH) 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Being issued with a Notice means that certain delegated authorities, as defined in the ATH, have been revoked.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
- carry forward of unspent GAG from one year to the next beyond any limit in the funding agreement
- pooling of GAG

If the trust comes to the ESFA to seek retrospective approval this will be deemed a breach of the ATH. 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 ATH. This will amount to a breach of the terms of the FA and may lead to termination.

If continued non-compliance with the ATH 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]. In line with the requirements set out in ESFA's publishing policy, the trust has 15 working days to offer any final comments on factual accuracy before publication. The trust is required to publish the Ntl on its website within 14 days of it being published by the ESFA and retain it on the website until the Ntl is lifted by ESFA.

I am copying this letter to the Accounting Officer, David Marchant, Trust Members, Gail Gravett and June Venus, and Vicky Beer, North West Regional Director.

I look forward to hearing from you.

Yours sincerely



Warwick Sharp
Director, Schools Financial Support and Oversight

Cc. David Marchant (AO, CFO)
Vicky Beer (North West Regional Director)
Gail Gravett (Member)

June Venus (Member)

Notice to improve

1. The Education and Skills Funding Agency (ESFA) has decided to issue a Notice to improve (the 'Notice') as a consequence of Queen Elizabeth Grammar School Penrith's (the 'trust') failure:
 - in financial management, oversight and internal controls, as required in the AFH 2016, Paragraphs 1.5.11, 1.5.20, 1.5.23, 2.1.8, 2.2.4, 2.3.2 & 2.3.3.
 - to submit accurate information to DfE, as required in the AFH 2016, Paragraph 2.4.6.
 - to demonstrate value for money and appropriate use of funds, as set-out in the AFH 2016, Paragraph 3.1.3.
 - to adhere to appropriate procurement procedures, set out in the trust's Financial Procedures Manual, Paragraph 9.2.3, CIF terms and conditions 2016/17, clause 3.1 and Paragraph 14.7 and CIF signed declarations, which is considered a breach of Paragraph 3.1.3 of the AFH 2016.

Conditions

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

Financial management and governance requirements

3. 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 ATH.
4. The trust should take all appropriate actions to ensure the action plan agreed with the ESFA is fully implemented.
5. The ESFA must be satisfied that the trust is doing everything it can to rectify the weaknesses identified.

Monitoring and progress

6. 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.
7. 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

8. 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.

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

Table of conditions

The table below summarises the conditions that have been placed upon Queen Elizabeth Grammar School (“the trust”). It sets out the evidence the trust must provide, and the timescales the trust must meet, to show that they have complied with the Notice to Improve (“the Notice”). All conditions set out in the table must be met before the Notice can be lifted.

	Condition applied	Action/ evidence required from trust	By when
1	<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) The trust is required to submit the Budget Forecast Return (BFR) by the deadline required by the ESFA.</p> <p>c) Undergo a School Resource Management Adviser (SRMA) deployment to identify savings for the repayment of the CIF, and any weaknesses in financial management which can be strengthened.</p> <p>d) Continue working with West Lakes to facilitate the smooth transfer of QEGS by May 2023, and with the ESFA for the trust’s subsequent wind-up.</p> <p>e) Agree to a repayment plan for the £1.5m of CIF funding.</p>	<ul style="list-style-type: none"> - The ESFA receives audited financial statements by 31 December, each year until the Ntl is lifted. - The ESFA receives the BFR by the deadline until the Ntl is lifted. - SRMA receives appropriate information from the trust to identify any weaknesses in financial management and efficiency savings going forward. Recommendations will be included in the report and action plan. - Continued collaborative working between trusts to facilitate the smooth transfer of QEGS to West Lakes. - Written agreement to a repayment plan. 	<p>Submit audited financial statements by 31 December, each year until the Ntl is lifted.</p> <p>Submitted BFR by the deadline, each year until the Ntl is lifted.</p> <p>SRMA deployment to be completed by December 2022. Financial management weakness identified to be strengthened by March 2023.</p> <p>Transfer completion anticipated May 2023.</p> <p>Agreement by 23 December 2022.</p>
2	<p>The Trust requests approval from the ESFA, in advance, for any actions under the revoked freedoms in Part 5 Summary of Freedoms and Delegations, and Part 6 ESFA intervention powers in the ATH. These requests should be sent using the esfa-enquiry-form. Retrospective approval will be deemed as a breach of the ATH.</p>	<ul style="list-style-type: none"> - The trust must submit a request for approval for any actions relating to the delegated freedom revoked under the terms of the Ntl. 	<p>Until the Ntl is lifted.</p>
3	<p>Ensure that all necessary Trustee contact details are up to date.</p>	<ul style="list-style-type: none"> - All fields specified in Get Information about Schools (GIAS) for the individuals must be completed before the Ntl can be lifted. The trust must ensure its record on GIAS for the individuals remains up to date. 	<p>By 31 October 2022.</p>