



Operational Case Report

Gads Hill School (803153)

About the charity

Gads Hill School is an independent school in Higham, Kent that advances education (including the social and physical education of children).

Why the commission got involved

In February 2013 the then chair of governors of Gads Hill School made a report of a serious incident, which notified us that the salary of the Head teacher had not been properly reviewed for years and that increases to his salary were excessive and not commensurate with the role. In light of this, the board of governors carried out a review and implemented additional financial controls. The Head teacher's salary was reduced accordingly. At that time the commission was satisfied with the charity's response and advised the governors to consider our guidance on trustee remuneration and conflicts of interest.

However, in July 2014, the commission became aware of local press reports, which included allegations about salary increases and expenses paid to the Head teacher and suggested a number of governors had resigned as a result.

The commission opened an operational compliance case to examine whether the governors had carried out an internal investigation into the alleged misuse of expense claims, and to see if the Head teacher's salary had been correctly overseen.

What we found

We gathered information and met with the Governors of the school in September 2014. At that meeting, the Governors explained the salary of the Head teacher had been set at the time of appointment in 2000. Although the Head teacher's contract of employment required an annual review to determine salary, this had not happened. Instead, the Head teacher had proposed his annual salary increase in the school budget. The budget was agreed by the Governors, but they had put too much reliance on the finance committee for their decision. The Chairman of the Finance Committee from that time has also since resigned.

No salary benchmarking exercise had been undertaken and the Governors accepted responsibility for not having had good oversight of the Head teacher's salary for many years. We also established that there had been no written policy in place dealing with salary increases. As a result the Governors had set up a Salary Review Board and through negotiation and compromise, the Head teacher's salary was reduced, so that it now compares with other similar education institutions.

The original serious incident report was misleading in that it failed to identify concerns raised about the Head teacher's personal expense claims. We recommended that the Governors familiarise themselves with our guidance on reporting serious incidents. Preliminary investigations into expense claims were carried out by the then Chair of Governors, who subsequently resigned in April 2014. This led to the allegations in press reports. The Governors have since checked expenditure claimed against invoices and management accounts. We raised concerns that receipts, in particular for hospitality and travel, contained both personal and school expenditure and that would be difficult and onerous to verify. The Governors appear satisfied that expense claims have not been abused. Policies for expense claims have now been introduced and procedures changed to enhance transparency.

Impact of our involvement

The commission recognise the changes implemented by the Board of Governors and the Governance at the school has now significantly improved. New Governors receive an induction pack having been selected in that role to fill a particular skills gap or competency.

Governors will consider legal advice received about the overpayment of salary when undertaking the Head teacher's annual reviews and document their decisions accordingly.

We highlighted the need for clarity in reporting procedures and overall responsibility for decision making, where Governors have a number of delegated committees. The Governors have put in place a decision planning procedure, based on information provided by DfE, to avoid any future misunderstandings.

We recommended that the Governors read our guidance [Internal financial controls for charities](#) so that Governors can keep financial controls under review in the future.

Lessons for other trustees

Trustees must always act and make decisions in the best interests of the charity. Although trustees can delegate tasks to sub-committees the trustees remain responsible for decisions made.

Trustees are responsible for overseeing the charity's finances and ensuring that appropriate financial controls are in place. Good financial controls ensure that more than one person is involved in approving expenditure.

All trustees should report serious incidents to the commission as soon as they are aware of them or suspect them. Where charities must submit an annual return to us, the trustees must certify that they have reported any serious incidents. See our guidance [Reporting serious incidents: guidance for charity trustees](#).