



Education & Skills  
Funding Agency

## ESFA Investigation Outcome report

### Provider: The Griffin Schools Trust

#### Background

Between 2020 and 2023 the Education and Skills Funding Agency (ESFA) investigated the following allegations relating to financial irregularity at The Griffin Schools Trust, (HQ Bromley, Kent):

- Governance and financial oversight
- Related party transactions (RPTs) and consultant costs
- Suspected financial malpractice

#### Outcomes of the investigation

- The ESFA investigation identified related party transactions involving the provision of consultancy services and conflicts of interest which had not been managed appropriately. Relevant policy was not always complied with or effectively implemented to ensure that good governance was integral within trust operations. ESFA highlighted concerns with the contracts involving the related party. Contracts involving the related party included the provision of services by the related party contractor between 2014 and 2021. Trust total spend for this contractor amounted to £569,369.
- A related party transaction involving a property lease/licence lacked sufficient documentation and robust scrutiny to demonstrate value for money. It was not evident that the interests of the trust were at the forefront of decision making in this transaction. Trust expenditure for this related party transaction between 2014 to 2021 amounted to £436,838.
- ESFA found novel and contentious transactions in 2018/19 involving the trust purchase of antique furniture, soft furnishings, ornaments and artwork. Auctioneer's costs were included in addition to payments made to the same related party contractor who charged a daily rate for their provision of services. Invoices identified for the items purchased amounted to £2,429.

The following breaches of the Academy Trust Handbook (ATH) (formerly the Academy Financial Handbook (AFH)) were identified:

Framework	Breach	Issue
<p>Non-compliance with mandatory AFH/ATH requirements from 2012.</p> <p>*As per the <a href="#">ATH 2022</a>:</p>	<p>Sections:</p> <p>1.13</p> <p>1.14</p> <p>1.38 – 1.40</p>	<p>Roles and Responsibilities – Trustees:</p> <p>1.13 – trustees did not apply the highest standards of conduct or ensure robust governance, which are critical for effective financial management.</p> <p>1.14 – Trustees did not follow Directors’ duties as described in the Companies Act 2006.</p> <p>Financial Oversight:</p> <p>1.38 – The AO did not show high standards of probity in the management of public funds, particularly regularity, propriety and value for money.</p> <p>1.39 – The AO did not adhere to The 7 principles of public life.</p> <p>1.40 – The AO did not have oversight of financial transactions to:</p> <ul style="list-style-type: none"> <li>• ensure property/assets were under trustees’ control to prevent losses and misuse</li> <li>• keep full and accurate accounting records</li> </ul> <p>Roles and responsibilities – AO:</p>

Framework	Breach	Issue
<p>Non-compliance with mandatory AFH/ATH requirements from 2012.</p> <p>*As per the <a href="#">ATH 2022</a>:</p>	1.42 - 1.44	<p>1.42 – The AO did not assure the Board that there was compliance with the Handbook.</p> <p>1.43 – The AO did not advise the Board of actions incompatible with the Handbook.</p> <p>1.44 – The AO did not advise the Board of its failure to act where required by the Handbook.</p>
	2.1	<p>Financial Requirements – Financial oversight</p> <p>2.1 – Trustees and management did not maintain robust oversight of the Trust.</p>
	2.2	<p>2.2 – The trust did not take full responsibility for its financial affairs, stewardship of assets and use resources efficiently to maximise outcomes for pupils.</p>
	2.6	<p>Basic control principles:</p> <p>2.6 – The Trust did not have sound internal control, risk management and assurance processes.</p>
	2.7	<p>2.7 – The Trust’s control framework did not ensure regularity, propriety and value for money in the organisation’s activities.</p>

Framework	Breach	Issue
<p>Non-compliance with mandatory AFH/ATH requirements from 2012.</p> <p>*As per the <a href="#">ATH 2022</a>:</p>	<p>2.27</p> <p>2.28</p> <p>2.49</p> <p>3.2</p> <p>5.1</p>	<p>Procurement and spending decisions:</p> <p>2.27 – The Trust did not show that public funds had been used as intended by Parliament.</p> <p>2.28 – The trust did not ensure that spending had been for the purpose intended and that there was probity in the use of public funds nor did they ensure that spending decisions represented value for money.</p> <p>Being transparent about your governance:</p> <p>2.49 – The Trust were not transparent with their governance arrangements.</p> <p>Internal scrutiny – Approach:</p> <p>3.2 – The Trust did not have effective internal scrutiny in place.</p> <p>Delegated authorities – Related party transactions:</p> <p>5.1 – The Trust did not request ESFA approval for transactions beyond the Trusts delegation limits.</p>

Framework	Breach	Issue
<p>Non-compliance with mandatory AFH/ATH requirements from 2012.</p> <p>*As per the <a href="#">ATH 2022</a>:</p>	<p>5.5</p> <p>5.36</p> <p>5.38 - 5.40</p>	<p>Requirement to obtain ESFA approval/Novel, contentious and repercussive transactions:</p> <p>5.5 - Novel, contentious and repercussive transactions were made without prior approval by the ESFA.</p> <p>Related Party Transactions:</p> <p>5.36 – The Trust was not even handed in their relationships with related parties.</p> <p>5.38 – Trustees did not manage personal relationships with related parties to avoid both real and perceived conflicts of interest, promoting integrity and openness in accordance with The 7 principles of public life.</p> <p>5.39 – The Trust did not recognise that some relationships with related parties may attract greater public scrutiny.</p>

Framework	Breach	Issue
<p>Non-compliance with mandatory AFH/ATH requirements from 2012.</p> <p>*As per the <a href="#">ATH 2022</a>:</p>	<p>5.38 - 5.40</p>	<p>5.40 – The Trust did not keep sufficient records, or make sufficient disclosures in their annual accounts, to show that transactions with these parties, and all other related parties, had been conducted in accordance with the high standards of accountability and transparency required within the public sector.</p>
<p>Non-compliance with mandatory AFH requirements from 2013.</p> <p>*As per the <a href="#">ATH 2022</a>:</p>	<p>Sections:</p> <p>5.49</p> <p>5.58</p>	<p>Delegated authorities – At cost requirements</p> <p>5.49 – The Trust was unable to show that they paid no more than ‘at cost’ for goods or services</p> <p>5.58 – The Trust did not ensure that goods or services were procured through an open and fair process</p>
<p>Non-compliance with mandatory AFH requirements from 2017.</p> <p>*As per the <a href="#">ATH 2022</a>:</p>	<p>Sections:</p> <p>1.38 – 140</p>	<p>Roles and responsibilities - The AO</p> <p>1.38 – The AO did not show high standards of probity in the management of public funds, particularly regularity, propriety and value for money.</p> <p>1.39 – The AO did not adhere to The 7 principles of public life.</p>

Framework	Breach	Issue
<p>Non-compliance with mandatory AFH requirements from 2017.</p> <p>*As per the <a href="#">ATH 2022</a>:</p>	2.2	<p>1.40 – The AO did not have oversight of financial transactions to:</p> <ul style="list-style-type: none"> <li>• ensure property/assets were under trustees' control to prevent losses and misuse</li> <li>• keep full and accurate accounting records</li> </ul> <p>Main financial requirements – Financial oversight</p> <p>2.2 – The Trust did not take full responsibility for its financial affairs, stewardship of assets and use resources efficiently to maximise outcomes for pupils.</p>

\*AFH/ATH non-compliance reported as per latest handbook when breaches occurred but were also included within previous versions. These are available at: [Archive Timeline - UK Government Web Archive \(nationalarchives.gov.uk\)](#)

## Action

Corrective action has been taken by the trust. ESFA and DfE Regions Group have worked closely with the trust to monitor progress against the trust's comprehensive corrective action plan to address all investigation recommendations and are assured that the trust is now compliant.

## Prevention

Upon the conclusion of the investigation, the ESFA undertook a prevention analysis exercise to establish what could have been done to prevent the breaches that were identified in the investigation.

Issue	Prevention
Roles and Responsibilities – Trustees/AO	<p>Trusts should create a guidance document which sets out in detail the roles and responsibilities of the Members, Trustees, the Accounting Officer and the Chief Financial Officer.</p> <p>Trusts can also refer to part 1 of the ATH which also details the roles and responsibilities of these positions.</p>
Financial Requirements – Financial oversight	<p>Trusts should ensure that they have a robust structure in place along with strong policies, procedures and processes. Trustees and Senior Management should work together collaboratively to ensure that financial oversight is maintained at the highest level in the trust.</p>
Main financial requirements – Basic control principles/Being transparent about your governance	<p>Trusts must ensure that they have robust internal control, risk management and assurance processes in place. Trusts should ensure that they have clear procedures, appropriate supervision by their Management Team, internal scrutiny overseen by their Audit and Risk Committee and an external audit function.</p> <p>Trusts must be transparent with their governance arrangements. They can do this by ensuring that they provide details of their governance arrangements through the governance statement that is published along with their annual accounts.</p>



Issue	Prevention
Main financial requirements – Procurement and spending decisions	Trusts should ensure that they have a robust policy and procedures for Procurement. Trusts should ensure that their procurement is open, fair and transparent, value for money and they should ensure that they have documentary evidence of the decisions that have been made.
Internal scrutiny - Approach	Trusts must ensure that they have robust internal control, risk management and assurance processes in place. Trusts should implement an Audit and Risk Committee to oversee their internal scrutiny
Delegated authorities – Related party transactions	<p>Trusts should include within existing policy or create a guidance or policy document which sets out in detail and explains Related Party Transactions – what they are, when they must be reported and approved by the Department for Education.</p> <p>The policy or guidance document should also make clear that any related party transaction that is novel, contentious and repercussive must be approved by the Department for Education before the transaction is made and regardless of the transaction amount.</p>
Delegated authorities – Requirement to obtain ESFA approval / Novel, contentious and repercussive transactions	Trusts should include within existing policy or create and implement policy/guidance for Novel contentious and repercussive transactions. Where trusts identify a novel, contentious and repercussive transaction, they must ensure that they make a referral to the Department for Education for prior approval before the transaction occurs.

Issue	Prevention
Delegated authorities – At cost requirements	<p>Trusts should add a section or line into their existing finance policies which sets out in detail what the requirements of 'At Cost' are.</p> <p>The line or section should include that trusts must pay no more than 'cost' for goods or services provided to them by the list of individuals and organisations set out s5.45 of the ATH.</p>

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