



Education & Skills
Funding Agency

ESFA Investigation Outcome report

Provider: Tennyson Learning Community Trust

Background

Between June 2023 and July 2024 the Education and Skills Funding Agency (ESFA) investigated the following allegations relating to financial irregularity between the academic years 2018 to 2020 at Tennyson Learning Community Trust, (Registered office Luton, Bedfordshire). The Trust incorporated on 3rd June 2019 and began operations on 1st September 2019:

- An improper recruitment process deployed for a particular staff appointment; and
- The handling of the trust's resources for personal gain.

Outcomes of the investigation

Recruitment process

The investigation found that:

- When recruitment was undertaken in 2019 there was no policy in place requiring the trust to follow a competitive process.
- An interviewer for the post the concern was raised about provided a reference as part of the recruitment process for the successful applicant.
- The qualifications required for the particular post appeared to be lower than expected for the role and level of remuneration.
- The trust could not demonstrate that the successful candidate's qualifications were checked as part of the recruitment process.
- A draft job description was sent to the only applicant before the role was formally advertised.
- The salary of the member of staff recruited had increased significantly since they were hired by the trust.

The investigation concluded that allegations raised around the recruitment and subsequent appointment were substantiated.

Handling of Trust's resources for personal gain

The investigation found that:

- Three obsolete iPhones were sold to staff in 2019 and the £900 proceeds were misplaced until 2022. Whilst the investigation noted conflicting accounts were provided around this issue, the investigation concluded that the incident had occurred.
- Termly bonus payments of £8,500 were found to be received in lieu of pension by a member of staff. Whilst additional payments were made of this nature, the investigation concluded that there was no evidence that these payments were irregular.
- A company was contracted outside trust procurement policy. There was no policy in place at the time by the trust. Whilst governance weaknesses were identified around lack of formal procedures, the allegations raised were not substantiated by the investigation.
- Evidence did not substantiate a claim that certain items were bought solely for personal use. Weaknesses were identified in relation to governance controls including purchasing arrangements and the trust's control over the listing and tracking of assets.

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

Framework	Breach	Issue
Non-compliance with mandatory AFH requirements 2018:	Sections: 1.3.4 1.5.5 2.4.1	Roles and responsibilities: 1.3.4 - The trustees did not ensure regularity and propriety in use of trust funds 1.5.5 - The accounting officer did not discharge appropriate oversight of financial transactions including control of trust assets. Financial oversight: 2.4.1 - The trust did not ensure that a competitive tendering process was in place and applied.

Framework	Breach	Issue
Non-compliance with mandatory AFH requirements 2018:	3.2.1	Autonomy and approval: 3.2.1 - Novel, contentious and/or repercussive transactions were not referred to the ESFA/DfE for prior approval
AFH 2019:	Section: 1.13	Roles and responsibilities: 1.13 - The trustees did not ensure regularity and propriety in use of trust funds

*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 \(nationalarchives.gov.uk\)](https://www.nationalarchives.gov.uk/ukgovernmentwebarchive/)

Action

The ESFA and DfE Regions Group have been working closely with the trust to ensure that the necessary improvements in financial management and oversight have taken place and are fully imbedded in its policies and procedures.

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	Trusts should create a guidance document that sets out in detail the roles and responsibilities of the Members, Trustees, the Accounting Officer and the Chief Financial Officer. Trusts can also refer to part 1 of the ATH that details the roles and responsibilities of these positions.

Issue	Prevention
Acquisition and disposal of fixed assets	Trusts should have guidance regarding the disposal of assets, ensuring that they achieve the best price that can reasonably be obtained and that they maintain the principles of regularity, propriety and value for money.
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 is secured and they should ensure that they have documentary evidence of the decisions that have been made.
Delegated authorities – Requirement to obtain ESFA approval for novel, contentious and repercussive transactions	Trusts should include within their 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.