Department for Education

# Investigation Outcome report

## Provider: Stone Soup Academy, part of the Stone Soup Learns single-academy trust

### Background

In 2025, the Department for Education (DfE) commenced an investigation into alleged financial irregularities at Stone Soup Academy (the trust). The concerns involved:

- Recruitment processes and pay,
- Event expenditure and
- Overseas travel.

### Outcomes of the investigation

The outcomes of the investigation were:

- The investigation identified weaknesses in the trust's processes for setting executive pay. In particular, arrangements were not fully evidence based, transparent, or subject to independent scrutiny by the board.
- The investigation identified irregular use of public funds in connection with a celebratory event at the trust. The use of these funds included the purchase of alcohol.
- Irregularities were also identified in respect of costs for an overseas trip for pupils which was undertaken during the 2022/23 academic year.

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

| Framework | Breach | Issue |
|---|---|---|
| Non-compliance with mandatory ATH requirements from 2022 | 1.38 | Accounting Officer responsibilities:<br><br>The Accounting Officer did not adequately ensure compliance with standards of regularity, propriety, and value for money. |

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| Framework | Breach | Issue |
|---|---|---|
| Non-compliance with mandatory ATH requirements from 2024 | 2.27 | Setting executive pay:<br><br>The trust failed to follow a robust, evidence based process for setting executive pay. |
| Non-compliance with mandatory ATH requirements from 2024 | 2.28 | Setting executive pay:<br><br>A 13.7% salary increase for a senior staff member was implemented without independent scrutiny by the board, or transparency. There was inadequate documentation to support the rationale for the increase. |
| Non-compliance with mandatory ATH requirements from 2022 | 2.28 | Procurement:<br><br>The trust was unable to provide evidence of a compliant procurement process or that value for money considerations were applied in relation to an overseas trip.<br><br>The trust approved expenditure of £10,000, later revised to £16,000, whilst the final cost of the trip reached £36,156. No clear audit trail or explanation was provided, and the trust could not evidence compliance with policy, value for money, procurement, or approval requirements. |
| Non-compliance with mandatory ATH requirements from 2022 | 2.35 | Purchase of alcohol:<br><br>Trust funds were used to purchase alcohol as part of an anniversary celebratory event. |

| Framework | Breach | Issue |
|---|---|---|
| Non-compliance with mandatory ATH requirements from 2022 | 2.7 | Basic control principles:<br><br>The trust failed to demonstrate that appropriate internal controls were in place in relation to an overseas trip. |
| Non-compliance with mandatory ATH requirements from 2022 | 5.5 | Novel, contentious or repercussive transactions:<br><br>The trust did not refer and seek prior ESFA approval for transactions considered to be novel, contentious or repercussive.<br><br>The total identifiable value for an anniversary event was £8,500 of which £1,200 was spent on the purchase of alcohol. |

## Action

The Department for Education is considering the findings set out in this report and will determine the appropriate response to address the issues identified. The trust will be notified of any measures necessary to secure timely and sustained improvement, taking into account the changes made to governance arrangements since the period under investigation.

The trust will be expected to ensure that all financial reporting is submitted in accordance with statutory requirements and to provide assurance that the preventative actions set out below have been fully implemented within the timescales determined by the Department.

## Prevention

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

| Issue | Prevention |
| --- | --- |
| The Accounting Officer did not adequately ensure compliance with standards of regularity, propriety, and value for money. | Accounting Officers should maintain strong oversight and ensure that all expenditure can be clearly demonstrated to be regular, proper and provide value for money. |
| The trust failed to follow the mandatory, evidence-based process for setting executive remuneration. | Trusts should ensure that decisions on executive appointments and pay are supported by clear evidence. |
| The appointment of a senior staff member and an associated salary increase were implemented without independent scrutiny by the board, or transparency. | Trusts should ensure that decisions on executive appointments and pay are based on a robust decision-making process, fully documented, and independently scrutinised by the board before implementation. |
| The trust was unable to provide evidence of a compliant procurement process or that value for money considerations were applied for overseas travel. | Trusts should evidence value for money for significant expenditure by retaining quotations, documenting procurement decisions and actively monitoring spend against approved budgets. |
| Trust funds were used to purchase alcohol. | Trusts should ensure that all staff involved in spending decisions are aware of, and understand, the requirement that public funds must not be used for prohibited items. |
| The trust failed to demonstrate that appropriate internal controls were in place. | Trusts should ensure that effective internal controls, clear approval routes and up-to-date policies are in place and consistently applied, to prevent unclear decision-making and unmanaged cost escalation. |
| The trust did not refer and seek prior DfE approval for transactions considered to be novel, contentious or repercussive. | Trusts should identify early when proposed expenditure may be novel, contentious or repercussive and seek regulatory approval in advance to ensure transparency and compliance. |