

**LESSONS LEARNED - SAWTRY VILLAGE ACADEMY**

**To:** Children & Young People’s Committee

**Meeting Date:** 22 May 2018

**From:** Executive Director: People & Communities

**Electoral division(s):** All

**Forward Plan ref:** n/a **Key decision:** No

**Purpose:** To provide an overview of the Internal Audit Review of the lessons learned at Sawtry Village Academy and the proposed actions as a result of its findings.

**Recommendation:** To note the actions proposed in the report.

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## **1. BACKGROUND**

- 1.1 In October 2017, the former Principal of Sawtry Village Academy was convicted of four counts of fraud and one of misconduct in a public office, in relation to offences which had taken place between 2011 and 2014.
- 1.2 The fraud and misconduct which occurred at Sawtry took place over a significant period of time. Although the prosecution of the former Principal and Vice-Principal related to charges between 2011 and 2014, as these were the years covered by the forensic audit of the school's accounts, there is evidence to suggest that fraud and misconduct were taking place at the school for a number of years prior to this period including when the school was still maintained by the Local Authority. Following an adverse Ofsted report in June 2014, the school joined the Cambridge Meridian Academies Trust (CMAT) in 2015. Since this time, significant action has been taken to ensure appropriate financial management and conduct process are in place to ensure this issue does not occur again.
- 1.3 As a result of the issues raised in the criminal case, the Executive Director of People and Communities commissioned an Internal Audit report to ensure that all lessons were learned from the issues that arose. Internal Audit visited Sawtry Village Academy in March 2018 in order to review relevant documentation from the school and speak to staff and a governor who were at the school during the period of the offences taking place. The review also included reviewing relevant evidence and speaking to staff at the Local Authority.
- 1.4 This report covers the key context behind the issues at Sawtry Village Academy and outlines the Local Authority response to its findings. A series of recommendation actions have been passed to the CMAT board of trustees for consideration.

## **2. KEY ISSUES ARISING FROM THE INTERNAL AUDIT REVIEW**

- 2.1 The report outlined four key areas of concern / learning from the perspective of the Local Authority and the School and these are presented below along with the proposed action to be taken by the Local Authority to ensure these issues do not reoccur.
- 2.2 Whistleblowing
  - 2.2.1 Every school (Academy and Maintained School) should have a whistleblowing policy that protects staff members who report colleagues they believe are doing something wrong or illegal, or who are neglecting their duties. The school whistleblowing policy has a key role to play in safeguarding children. Given the issues identified in 1.2, it should be recognised that some members of Sawtry school staff did make efforts to report their concerns, even when they were worried that it could cost them their job or potentially their career. Other staff stood up to intimidating or bullying behaviour aimed at making them do things they knew to be wrong. On the whole, however effective whistleblowing was hindered at the school for a number of reasons, including:

- Staff were not aware of the whistleblowing policy which had been approved by governors, and it is not clear whether this policy identified any external routes for whistleblowers to raise concerns.
- The collusion of the Principal and Vice Principal hindered the ability of staff to follow usual whistleblowing routes.
- Many staff reported a culture of bullying and stated that they would have been frightened of losing their job if they raised a concern.
- Staff also reported an atmosphere of rumours and gossip among school staff which made it difficult to distinguish genuine concerns from fiction or exaggeration. Consequently, staff did not feel confident that they had clear grounds or evidence with which to blow the whistle, or that anyone would believe them if they did.
- Staff state that an attempt was made by a former colleague to blow the whistle to the Local Authority in 2011. This attempt was unsuccessful and allegedly the whistleblower was told it was not possible to take the concerns further without the support of the entire leadership team or the Chair of Governors; this was felt to be impossible due to concerns about collusion. This advice was not in line with Local Authority whistleblowing processes at the time and it is not clear why such advice would have been given.

2.2.2 In considering the lack of whistleblowing, it should also be recognised that there is evidence that the fraud and other issues at the school had taken place over an extremely long period of time, and the expectations around public sector whistleblowing have evolved over that period. Particularly for staff who had been in post for a significant time, some of the warning signs or behaviours that were initially evident may not have been perceived as a whistleblowing issue at the time, and subsequently became the general perceptions of what constitutes acceptable behaviour.

2.2.3 All Sawtry Village Academy staff interviewed by Internal Audit were now aware of the CMAT whistleblowing policy in place at the school, and a whistleblowing poster is displayed prominently around the building. This includes details of external contacts as well as contacts who are external to the school but internal to the academy trust. Staff commented that they would now feel significantly more confident in blowing the whistle.

### **Local Authority Response**

2.2.4 The Local Authority provides all maintained schools with copies of a whistleblowing poster indicating external routes to report concerns, and the Local Authority whistleblowing policy is available to staff and the public online. This provides a clear alternative if schools do not implement internal whistleblowing policies as expected. Given the complexity of the current situation regarding school whistleblowing, with different bodies responsible for investigating different types of concerns depending on the type of school, the Authority will review the current arrangements for publicising whistleblowing routes. In particular:

- How best to clarify the role of the Local Authority and other bodies in investigating complaints and concerns.
- How to explain formal versus informal whistleblowing.

- The distinction in whistleblowing routes for different concerns (for example, safeguarding, educational or governance concerns).

2.2.5 The updated process will be published on the Council's website and shared with all schools. In addition, the Council will engage with EPM, the major local schools HR/payroll provider, who provide template whistleblowing policies to schools, and consider whether external routes can be flagged on their template policy as well. Unions will also be consulted on the proposed update. The updated document will be finalised by September 2018.

## 2.3 School Culture and Staff Experiences

2.3.1 Linked to the question of whistleblowing, it should also be recognised that staff who worked at Sawtry during this period had a range of experiences and in many cases were not aware of serious concerns. While a number of staff reported experiencing the Principal making inappropriate comments or observed eccentric behaviour, equally he was seen as an individual who was capable of being personable when he wanted to be. Consequently, some staff at the school were not aware of any concerns and were surprised when the fraud was uncovered; other staff felt that issues had been evident for many years and were surprised that their colleagues had not had concerns or suspicions.

2.3.2 While some staff suffered from the culture and governance arrangements at the school, others commented that there were benefits to them at the time. In particular, staff who were more remote from the leadership team and finance department were able to benefit from a flexible culture if they needed time off for personal or family issues, and opportunities to develop professionally in a school environment which allowed significant independence and self-direction.

## 2.4 School Financial Governance

2.4.1 Financial governance at Sawtry was very weak. Governor oversight of finances was extremely high-level and devoid of detail, and this was not challenged. Governors were not presented with any evidence of long-term planning in relation to setting the school's annual budget. There also appears to have been a lack of actual oversight of external audit reports and management letters by the Resources Committee for the 2011/12 and 2012/13 accounts. In addition, no Committee had the delegated functions of an Audit Committee as required in the Academies Financial Handbook, and consequently there was no regular comprehensive review of the risks to financial control at the school.

2.4.2 The collusion between the Principal and Vice Principal was a highly significant factor in enabling the fraud to remain concealed for so long, as it meant that the separation of duties controls which were in place at the school could be bypassed. As the school operated on a surplus budget every year while it was a maintained school, and for its first years of operation as an academy, the school was also shielded from in-depth review of its financial governance by the Local Authority or subsequently the ESFA (Education Skills Funding Agency).

- 2.4.3 The majority of the fraudulent expenditure which took place at Sawtry was made via the School Fund (non-public funds held by a school to support related activities to the school – this could include grant income, donations or other external income). Non-public funds which maintain separate bank accounts represent a risk of fraud as there is often less oversight of the funds by the governing body and weaker financial controls. In many cases public funds are incorrectly channelled through these accounts.
- 2.4.4 Some opportunities to address issues were missed; concerns were raised over the school's financial governance processes and particularly the rules around competitive tendering at Internal Audit reviews in 2000 and 2006, which were reported to the Principal and Chair of Governors, and again in an external audit letter in 2012 which should have been seen by the Resources Committee. There is evidence that governors were presented with policies around financial governance and staff performance management, but did not challenge why these policies were not being implemented in practice. The governor who acted as Responsible Officer was aware of the existence of the School Fund and routinely signed off expenditure from the fund, but did not challenge the fund's governance or why it was not reviewed by the Governing Body, or the level or nature of the inappropriate expenditure taking place.
- 2.4.5 The school's overall governance has changed significantly since joining the Cambridge Meridian Academies Trust. The school has a local finance lead, who reports into a senior finance lead within the Trust; consequently finance staff now have more diverse line management arrangements rather than simply reporting into the leadership team of the school. The school has a new Chair of Governors and while the school's local committee provide scrutiny, the academy trust's Finance Policy & Scrutiny Committee also retain oversight. As a result of the new arrangements, the level of collusion required to bypass controls would be significantly more than two individuals. New financial procedures have been brought in and awareness of these processes appears to be good; a number of staff commented at interview on the fact that arrangements are much stricter, especially in terms of requirements around obtaining multiple quotations for purchases.

#### Local Authority Response

- 2.4.6 The Local Authority continues to promote schools financial governance in maintained schools via the Schools Financial Regulations and activities carried out by the Schools Finance Team. The primary focus of the Local Authority in respect of schools financial management remains the provision of support and high-level review, rather than the detection of fraud. The Authority aims to provide school governing bodies and staff with the information and support needed to carry out their roles effectively, including regular governance briefings and training courses, resources available on the Learn Together website, and termly briefings for finance staff. Concerns about a school may be referred to Internal Audit. Academy Trusts are responsible directly to the ESFA for their financial management although the Local Authority do provide some traded services around finance to them.
- 2.4.7 The potential risks associated with non-public funds are an issue that the Local Authority has been aware of for a number of years. Since Autumn 2009, significant work has been carried out by the Schools Finance Team to encourage schools to

close these accounts where possible, but schools are still sporadically identifying historic accounts which require incorporation into the main schools bank account. In light of the issues raised, the Service Director for Education will write to Governing Bodies of maintained schools to highlight the risks associated with Non-public Funds, and to clarify the rules around which types of funding can and cannot be passed through these accounts. The Council will also notify schools that it will move to a position that schools cannot maintain non-public funds by the end of the 2019/20 academic year. This will allow any grant funded activity held in these funds to be concluded.

## 2.5 Schools Causing Concern Process

2.5.1 The Local Authority Schools Causing Concern meetings are a key forum for staff both internal and external to the Local Authority to discuss concerns about schools and identify routes for intervention. Sawtry Community College was first discussed at a Schools Causing Concern meeting in April 2010 following a limited assurance report on Safe Recruitment from Internal Audit. Between April 2010 and November 2011 (the last meeting at which the school was discussed at the meetings, following its transition to academy status) concerns were raised about the school in relation to: a decline in performance; the approach of the Principal; a reluctance to engage with the Local Authority with little communication between the Principal or Governors with the Authority; the lack of HR support; and concerns about safeguarding and inclusion issues not being correctly dealt with.

2.5.2 Taken as a whole, there were clear concerns about the governance of the school which were being raised at these meetings over the course of a year and a half. Some actions were undertaken as a result of these meetings and in particular it is clear that the Safeguarding team was engaging with the school. However it is apparent that these meetings did not act as an effective control to prevent or intervene in the issues of fraud and misconduct at Sawtry. After Sawtry became an academy, the school was only discussed at one subsequent meeting, as at the time schools ceased to be discussed in this forum once they became academies, to reflect the fact that responsibility for intervention in academies no longer rests with the Local Authority.

2.5.3 Many of the concerns related to the difficult relationship with the school and the difficulty of obtaining engagement and information from them, issues which are likely to appear insufficient grounds for formal high-level Local Authority intervention. Equally, without engagement and information from schools, the Local Authority is not in a position to be able to identify more serious concerns. The Local Authority had a document setting out The Local Authority Role in School Improvement from at least 2009. While this included a very broad risk assessment, overall it did not give clarification of the types of specific concerns, other than Ofsted rating, which may warrant intervention at a school. Therefore it may not have been clear to attendees at the Schools Causing Concern forum and other Local Authority officers at what point these ongoing concerns should be escalated, and what specific action could be taken.

2.5.4 Schools Causing Concern meetings do now consider academy schools, although the routes for escalation of issues differ from those of maintained schools. The Internal Audit report recommended that the Local Authority should consider developing and implementing a detailed means of risk assessing schools, with consideration of the

different types of risk and how ongoing concerns will be rated, including wider issues impacting schools causing concern such as exclusions and staff turnover. This should then feed into defined routes of intervention for schools, based on the school's risk assessment.

### **Local Authority Response**

- 2.5.5 Prior to the publication of the draft audit review, the schools causing concern process had been reviewed with a view to a new, more robust process taking place from the summer term 2018. This would include reviewing all schools (including academy schools) and looking across a wider range of data which might identify schools which do not present challenge in the normal way such as outcomes performance or financial challenge. This will include further data at a school level including reviewing Ofsted Parent View, staff turnover, exclusions and financial oversight of academy schools. Appropriate action will be documented and actions will be overseen by the Service Director – Education, the Lead Education Officer and the Head of Service for Schools Intervention. The outcomes from the meeting will also be shared at the Educational Achievement Board which is being reconstituted in second half of the summer term.

## **3 NEXT STEPS**

- 3.1 Although the situation under review is historic, the findings of the lessons learned review are likely to be of interest to a range of stakeholders other than the Local Authority and current staff and governors at Sawtry School. In particular, the risk factors and warning signs from Sawtry School may be useful to other stakeholders in seeking to detect and prevent similar situations from arising elsewhere.
- 3.2 We therefore intend sharing the 'lessons learned' report with following key stakeholders -
- Schools staff and Headteachers
  - Maintained and Academy Schools
  - Ofsted
  - Regional Schools Commissioner
  - Education Funding Agency
  - CEO of Multi-Academy Trusts

## **4. ALIGNMENT WITH CORPORATE PRIORITIES**

### **4.1 Developing the local economy for the benefit of all**

- 4.1.1 Providing high quality education should enhance the skills of the local workforce and provide essential childcare services for working parents or those seeking to return to work. Schools and early years and childcare services are providers of local employment.

### **4.2 Helping people live healthy and independent lives**

- 4.2.1 Not applicable.

### **4.3 Supporting and protecting vulnerable people**

4.3.1 Not applicable.

## **5 SIGNIFICANT IMPLICATIONS**

### **5.1 Resource Implications**

5.1.1 All actions outlined in the report will be met within existing resources.

### **5.2 Procurement/Contractual/Council Contract Procedure Rules Implications**

5.2.1 Not applicable.

### **5.3 Statutory, Legal and Risk Implications**

5.3.1 Not applicable.

### **5.4 Equality and Diversity Implications**

5.4.1 None identified.

### **5.5 Engagement and Communications Implications**

5.5.1 The finding from the report will be shared with key stakeholders in education as outlined in section 3.

### **5.6 Localism and Local Member Involvement**

5.6.1 The local member is aware of the police investigation and the Internal Audit report key findings.

### **5.7 Public Health Implications**

5.7.1 Not applicable.

<b>Implications</b>	<b>Officer Clearance</b>
<b>Have the resource implications been cleared by Finance?</b>	Yes Name of Financial Officer: Kerry Newson
<b>Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by Finance?</b>	No (there are no procurement issues)
<b>Has the impact on statutory, legal and risk implications been cleared by LGSS Law?</b>	Yes Name of Legal Officer: Virginia Lloyd



<b>Have the equality and diversity implications been cleared by your Service Contact?</b>	Yes Name of Officer: Jonathan Lewis
<b>Have any engagement and communication implications been cleared by Communications?</b>	Yes Name of Officer: Jo Dickson
<b>Have any localism and Local Member involvement issues been cleared by your Service Contact?</b>	Yes Name of Officer: Jonathan Lewis
<b>Have any Public Health implications been cleared by Public Health</b>	Yes Name of Officer: Tess Campbell

<b>Source Documents</b>	<b>Location</b>
Internal Audit Report – Confidential Report Sawtry School Lessons Learned Review 8 <sup>th</sup> May 2018	Jonathan Lewis Service Director: Education  01223 507165 <a href="mailto:Jonathan.Lewis@cambridgeshire.gov.uk">Jonathan.Lewis@cambridgeshire.gov.uk</a>