



Education  
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Agency

# **Investigation report: Perry Beeches The Academy Trust**

**Final report**

**March 2016**

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## Executive summary

In October 2015, the Education Funding Agency (EFA) received allegations that Perry Beeches the Academy (Perry Beeches 1) has recorded pupils on the annual census entitled to receive free school meals (FSM) where no entitlement existed.

The EFA undertook a FSM funding audit at Perry Beeches 1 on 10 December 2015 to review the annual census for January 2013, January 2014 and January 2015, and evidence to support those recorded as eligible for FSM.

Following the results of the audit at Perry Beeches 1, the EFA expanded the scope of the FSM funding audit to include Perry Beeches 2, 3 and 4, and for these academies to also review the draft January 2016 census figures. The audits took place between January 20 – 22 2016. Interviews with management and FSM administrators took place on January 22. Perry Beeches 5's first census will be January 2016 and was not included in the audit.

The findings of the audits were:

- a. Perry Beeches The Academy Trust (the trust) has breached the Academies Financial Handbook (AFH) by not retaining sufficient evidence of FSM eligibility for a period of 6 years. None of the academies within the trust routinely retain eligibility evidence for more than 12 months, with evidence being destroyed annually. The trust stated that the Data Protection Act was the primary reason for not retaining evidence beyond the current year.
- b. Due to the academies not retaining evidence of eligibility, it has not been possible to determine whether 1,574 of the 1,655 pupils recorded on the January 2013, January 2014 or January 2015 censuses were actually eligible to receive FSM, and therefore whether the census has been overstated. Interview evidence provides limited assurance that only those eligible to receive FSM were included on the January 2015 census. Due to staff leaving the employment of the trust, it was not possible to gain assurance that evidence had been checked for the January 2013 or January 2014 censuses.
- c. Although there was limited or no evidence to support pupils' FSM eligibility, this does not mean those pupils were actually ineligible. Rather there is no evidence to reach a firm conclusion whether ineligible pupils have been recorded on the census.
- d. Error rates due to lack of evidence were calculated at 100% for January 2013 and January 2014, and between 76% and 100% for January 2015. The error rate equates to an average of 95% and total FSM funding of approximately £2.8 million for Perry Beeches 1 to 4 for academic years 2013/14 to 2015/16.
- e. For the January 2016 census at Perry Beeches 2, 3 and 4, we are assured that the census will only include pupils' eligible for FSM that also have satisfactory evidence. On the day of the audit, there was a 4% error rate at Perry Beeches 2, and no errors at Perry Beeches 3 and 4. The errors at Perry Beeches 2 will be addressed prior to the census being completed.

- f. Some weaknesses in the FSM process were identified, for example not all application forms being signed and/or dated and insufficient quality assurance.

## Background

1. The trust comprises five schools, including four Free Schools, based in the Birmingham area.
2. In 2014/15 the EFA provided £11.5m in mainstream funding for Perry Beeches 1, 2, 3 and 4. In 2013/14 £8.2m was provided for Perry Beeches 1, 2 and 3.
3. In October 2015, the (EFA) received allegations that Perry Beeches the Academy (Perry Beeches 1) has recorded pupils on the annual census entitled to receive FSM where no entitlement existed.

## Objectives and scope

### Objectives

4. The initial objective was to review eligibility evidence for pupils (at Perry Beeches 1) recorded as entitled to receive FSM on the January 2013, January 2014 and January 2015 censuses. The EFA undertook a FSM funding audit at Perry Beeches 1 on 10 December 2015.
5. The objective was widened in January 2016 to review eligibility evidence for pupils (at Perry Beeches 2, 3 and 4) recorded as entitled to receive FSM on the January 2013, January 2014 and January 2015 censuses (where submitted). The widened objective also included reviewing the January 2016 census process, and the anticipated number of pupils that would be recorded as eligible for FSM and the evidence held to support eligibility. The audits took place between January 20 – 22 2016. Interviews with management and FSM administrators took place on January 22.

### Scope

6. Substantive testing and checks were to be undertaken to verify that for 100% of pupils recorded as eligible for FSM on the academy's January 2015 census return, there is sufficient evidence held by the academy to support the eligibility. Where the same pupil is also on the January 2013 and/or 2014 censuses, eligibility for those years would also be tested.

Exclusions from the scope include:

- accuracy of non-FSM aspects of the census
- wider financial management and governance at the academy
- Perry Beeches 5's first census will be January 2016 and was not included in the audit

## Investigation methodology

7. Following receipt of the allegations the EFA collated and reviewed background information around the trust and census data.

8. Visits were arranged with the trust and took place as follows:

<b>Date</b>	<b>Venue</b>	<b>Purpose</b>
10 December 2015	Perry Beeches 1	Free meals funding audit
20 January 2016	Perry Beeches 2	Free meals funding audit
21 January 2016	Perry Beeches 3	Free meals funding audit
22 January 2016	Perry Beeches 4	Free meals funding audit
22 January 2016	Perry Beeches 2	Interview management, administrative and systems staff

9. The EFA's standard assurance funding audit methodology was used to conduct the work. This involved reviewing the FSM census data submitted to the Department for Education with the academy's own management information system extract as at the relevant census date. Documentary evidence is then reviewed to test that pupils included on the census meet the eligibility criteria as set out in the Department for Education's School census guide.

10. In undertaking this investigation, the EFA met and conducted interviews with the executive leadership of the trust, the academy management with responsibility for the census and administrative staff with responsibility for the FSM process.

11. Findings from each audit, including details of errors found, were submitted to each academy following the audit.

12. The EFA undertakes funding audits at education institutions each year and it is standard practice to include, within a calculated error rate, findings where there is no evidence of entitlement. Appendix A to this report provides a breakdown that distinguishes between numbers for which the eligibility evidence was inadequate and numbers for which there was no eligibility evidence.

## Detailed findings

### Evidence of free school meal eligibility – January 2013, 2014 and 2015 censuses

13. At the end of each academic year, academies in the trust routinely destroy any evidence of FSM eligibility that relates to that year, in preparation for renewing evidence for the upcoming academic year. The trust historically determined that the Data Protection Act 1998 applied where “personal data processed for any purpose or purposes shall not be kept for longer than is necessary for that purpose or those purposes”.

14. Since September 2012, the AFH has included text regarding audit that says<sup>1</sup>: “The trust must retain all records necessary to verify the provision delivered by it, or its sub-contractors, in relation to this Handbook and its funding agreement, at least six years after the end of the period to which funding relates.” It is therefore necessary and within the scope of the Data Protection Act for the relevant data to be retained.

15. The trust has breached the AFH by not retaining evidence to support the eligibility of pupils recorded as eligible to receive FSM meals on the January 2013, January 2014 or January 2015 censuses.

16. The administrative staff interviewed confirmed that they personally verified FSM eligibility evidence prior to entering a pupil onto the management information system. However, the trust has not put in place consistent quality assurance arrangements to provide additional assurance that accurate records are maintained.

17. No administrative staff are in post now that had responsibility for the January 2013 or January 2014 censuses.

18. Due to the academies not retaining evidence of eligibility, it has not been possible to determine whether 1,574 pupils of the 1,655 pupils recorded on the January 2013, January 2014 or January 2015 census were actually eligible to receive FSM, and therefore whether the census has been overstated. Interview evidence provides limited assurance that only those eligible to receive FSM were included on the January 2015 census. Due to staff leaving the employment of the trust, it was not possible to gain assurance that evidence had been checked for the January 2013 or January 2014 censuses.

19. Error rates calculated are shown in Appendix A and, as is normal practice, a lack of evidence counts towards the error rates shown. The error rate equates to an average of

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<sup>1</sup> The text has changed slightly each year since 2012. See Appendix B for the actual text each year and the Academies Financial Handbook reference

95% and total FSM funding of approximately £2.8 million for Perry Beeches 1 to 4 for academic years 2013/14 to 2015/16.

20. Interview evidence provided some assurance that only eligible pupils were included on the January 2015 census, but it was not possible to obtain assurance for January 2013 or January 2014 due to the staff responsible no longer working for the trust.

## **Evidence of free school meal eligibility – January 2016 census**

21. The January 2016 census date was 21 January 2016. Although it was not possible to audit the census, a review of pupils likely to be included on the census was undertaken at Perry Beeches 2, 3 and 4.

22. At Perry Beeches 2, for three pupils the evidence held for FSM was not appropriate. The academy confirmed that these pupils will not be included on the 2016 census as eligible for FSM. Appropriate evidence was available for all pupils at Perry Beeches 3 and 4.

23. Weaknesses were identified when reviewing evidence for the 2016 census:

- 11 instances where the second page of the trust's free school application form was missing
- 6 instances where the free school meal application form had not been signed and/or dated by claimants
- 3 instances where eligibility evidence had been accepted but did not meet the criteria set out in the census guidance.

24. The trust has set out actions to strengthen its processes to minimise administrative errors and ensure that application forms are fully completed, signed, dated and only appropriate evidence accepted when determining the eligibility of a pupil for FSM.

25. It is likely that the actual number of pupils eligible for FSM on the January 2016 census will be significantly lower than the past two years at Perry Beeches 2, and lower at Perry Beeches 3. The management and staff interviewed do not undertake any analysis of changes to the data year-on-year and so did not know why there may be a reduction of pupils eligible for FSM. Those interviewed did suggest that reasons could be changes to catchment areas (as the schools no longer need to draw pupils in from a wide area) or changes to the eligibility criteria.

26. Taking into account the January 2016 census review at Perry Beeches 2, 3 and 4, we have an adequate level of assurance that the January 2016 census for these academies will only contain pupils that are eligible to receive FSM.



## Management information system

27. Two different management information systems are used by the trust. CMIS is used by Perry Beeches 1 and 2. Progresso is used by Perry Beeches 3, 4 and 5. The trust plans to migrate Perry Beeches 1 and 2 to Progresso.

28. Reports provided from the management information system at each academy for the date range of the relevant census did not match the census data submitted to the Department for Education. The trust explained that they had encountered issues with running retrospective reports which caused the anomalies.

29. Back-ups of the management information system are retained for a rolling 12 month period and are then overwritten, and the data file that was used at the time of each census was not retained.

30. Analysis between the census data and the academies management information system indicates that there has been both under and over claiming of FSM entitlement on the annual census. As the actual data file at the time of the census had not been retained, it is not possible to determine whether there has been any actual over or under claiming on the census.

## Conclusion

31. The trust has breached the AFH by failing to retain any form of FSM eligibility evidence for a period of six years.

32. Due to the academies not retaining documentary evidence of eligibility, it has not been possible to determine whether all pupils on the January 2013, January 2014 or January 2015 census were actually eligible to receive FSM. Interview evidence provides limited assurance that only those eligible to receive FSM were included on the January 2015 census.

33. Although the January 2016 census results are not yet available, there was documentary evidence to support eligibility for the majority of students at Perry Beeches 2, and all pupils at Perry Beeches 3 and 4 that are likely to be included on the census. The trust has confirmed the errors will be corrected at Perry Beeches 2 prior to the census submission. We therefore have adequate assurance that only those with an entitlement to FSM will be recorded as such on the January 2016 census.

34. The audit has identified weaknesses in the FSM process followed by trust academies as follows:

- Not all FSM application forms are signed and/or dated, with some forms having the second page missing.
- An extract of the management information system has not been retained on the census date to evidence that pupils recorded on the census match those on the academies management information system.
- Insufficient quality assurance work is undertaken to provide assurance that those recorded on the census have been correctly included.

35. The trust has responded to the initial audit findings setting out several actions to improve the FSM process at each of the academies. These include:

- a. Migration to a new management information system to ensure all academies are using the same system.
- b. Investigating the use of the 'eligibility checking service'.
- c. Instigating new record keeping processes to:
  - i. ensure a copy of the management information system is retained on the census date
  - ii. ensure documentary evidence is retained that demonstrates evidence seen to confirm eligibility for FSM.

## Recommendations

36. The academy trust must retain appropriate evidence to support those recorded on the annual census as eligible to receive FSM. This must be retained for a period of at least 6 years.
37. The academy trust strengthens its FSM processes as per the actions already notified to the EFA.
38. The EFA includes Perry Beeches 1 in the sample for a standard assurance funding audit of the January 2016 census.

## Appendix A – Audit findings

	<b>Perry Beeches The Academy (Perry Beeches 1)</b>	<b>Jan 2013</b>	<b>Jan 2014</b>	<b>Jan 2015</b>	<b>Jan 2016</b>
A	Total number of pupils recorded on the academy management information system (MIS) as eligible for FSM	317	335	271	Out of scope
B	Total number of pupils recorded on the census as eligible for FSM	340	364	320	Out of scope
<b>C</b>	<b>Over (+) or under (-) claim of FSM when comparing the MIS to the census [B minus A]</b>	<b>+23</b>	<b>+29</b>	<b>+49</b>	<b>Out of scope</b>
D	Approximate value of difference between the MIS and the census	£5.5K	£28.5K	£37K	Out of scope
E	Number of pupils recorded on the census as eligible for FSM without any eligibility evidence	340	364	239	Out of scope
F	Number of pupils recorded on the census as eligible for FSM without adequate eligibility evidence	0	0	4	Out of scope
<b>G</b>	<b>Total number of pupils recorded on the census as eligible for FSM without any/adequate eligibility evidence [E plus F]</b>	<b>340</b>	<b>364</b>	<b>243</b>	<b>Out of scope</b>
H	% of pupils recorded on the census without any/adequate FSM eligibility evidence [G divided by B]	100%	100%	76%	Out of scope
I	Approximate error value	£491K	£497K	£396K	Out of scope

	<b>Perry Beeches 2</b>	<b>Jan 2013</b>	<b>Jan 2014</b>	<b>Jan 2015</b>	<b>Jan 2016</b>
A	Total number of pupils recorded on the academy management information system (MIS) as eligible for FSM	70	141	188	78
B	Total number of pupils recorded on the census as eligible for FSM	73	145	198	n/a
<b>C</b>	<b>Over (+) or under (-) claim of FSM when comparing the MIS to the census [B minus A]</b>	<b>+3</b>	<b>+4</b>	<b>+10</b>	<b>n/a</b>
D	Approximate value of difference between the MIS and the census	£0K	£4.7K	£11.7K	n/a
E	Number of pupils recorded on the census as eligible for FSM without any eligibility evidence	73	145	193	0
F	Number of pupils recorded on the census as eligible for FSM without adequate eligibility evidence	0	0	2	3
<b>G</b>	<b>Total number of pupils recorded on the census as eligible for FSM without any/adequate eligibility evidence [E plus F]</b>	<b>73</b>	<b>145</b>	<b>195</b>	<b>3</b>
H	% of pupils recorded on the census without any/adequate FSM eligibility evidence [G divided by B]	100%	100%	98%	4%
I	Approximate error value	£175K	£293K	£386K	n/a

	<b>Perry Beeches 3</b>	<b>Jan 2013</b>	<b>Jan 2014</b>	<b>Jan 2015</b>	<b>Jan 2016</b>
A	Total number of pupils recorded on the academy management information system (MIS) as eligible for FSM	n/a	51	128	75
B	Total number of pupils recorded on the census as eligible for FSM	n/a	48	106	n/a
<b>C</b>	<b>Over (+) or under (-) claim of FSM when comparing the MIS to the census [B minus A]</b>	<b>n/a</b>	<b>-3</b>	<b>-22</b>	<b>n/a</b>
D	Approximate value of difference between the MIS and the census	£0	£3.5K	£26K	n/a
E	Number of pupils recorded on the census as eligible for FSM without any eligibility evidence	n/a	48	105	0
F	Number of pupils recorded on the census as eligible for FSM without adequate eligibility evidence	0	0	0	0
<b>G</b>	<b>Total number of pupils recorded on the census as eligible for FSM without any/adequate eligibility evidence [E plus F]</b>	<b>n/a</b>	<b>48</b>	<b>105</b>	<b>0</b>
H	% of pupils recorded on the census without any/adequate FSM eligibility evidence [G divided by B]	n/a	100%	99%	0%
I	Approximate error value	£0	£155K	£254K	n/a

	<b>Perry Beeches 4</b>	<b>Jan 2013</b>	<b>Jan 2014</b>	<b>Jan 2015</b>	<b>Jan 2016</b>
A	Total number of pupils recorded on the academy management information system (MIS) as eligible for FSM	n/a	n/a	60	75
B	Total number of pupils recorded on the census as eligible for FSM	n/a	n/a	61	n/a
<b>C</b>	<b>Over (+) or under (-) claim of FSM when comparing the MIS to the census [B minus A]</b>	<b>n/a</b>	<b>n/a</b>	<b>+1</b>	<b>n/a</b>
D	Approximate value of difference between the MIS and the census	£0	£0	£1.1K	n/a
E	Number of pupils recorded on the census as eligible for FSM without any eligibility evidence	n/a	n/a	61	0
F	Number of pupils recorded on the census as eligible for FSM without adequate eligibility evidence	0	0	0	0
<b>G</b>	<b>Total number of pupils recorded on the census as eligible for FSM without any/adequate eligibility evidence [E plus F]</b>	<b>n/a</b>	<b>n/a</b>	<b>61</b>	<b>0</b>
H	% of pupils recorded on the census without any/adequate FSM eligibility evidence [G divided by B]	n/a	n/a	100%	0%
I	Approximate error value	£0	£0	£182K	n/a

## Appendix B – Academies Financial Handbook (AFH) references

### AFH references to retaining records for audit purposes

**AFH 2012 paragraph 3.3** “The AT must retain all records necessary to verify the provision delivered by it or its sub-contractors in relation to this Handbook and the FA six years after the end of the period to which funding for the provision relates.”

**AFH 2013 paragraph 3.7.2** “The trust must retain all records necessary to verify the provision delivered by it or its sub-contractors in relation to this Handbook and the FA six years after the end of the period to which funding for the provision relates.”

**AFH 2014 and 2015 paragraph 4.6.2** “The trust **must** retain all records necessary to verify the provision delivered by it, or its sub-contractors, in relation to this handbook and its funding agreement, at least six years after the end of the period to which funding relates.”





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