



Education
Funding
Agency

North East Wolverhampton Academy investigation report

June 2016

Contents

Executive summary	3
Background	4
Objective and scope	4
Review methodology	5
Detailed findings	6
Enrolment and funding eligibility	6
Education delivery	7
Sub-contracting controls	7
Funding	9
Conclusion	10
Annex A – Timetable	11
Timetable for VLUK / LWGS students for the 2014 to 2015 academic year (provided by VLUK)	11
Annex B – Funding	12
Diagram showing money flows between parties	12
Annex C – Funding rates and formula for NEWA	13
National funding rates for 2014 to 2015	13
Formula rates for NEWA post 16 students	13

Executive summary

The Education Funding Agency (EFA) received complaints that during academic year 2014 to 2015 students were attending the fee paying Lee Westwood Golf School (LWGS) and at the same time North East Wolverhampton Academy (NEWA) enrolled them and accessed public funds through an arrangement with Virtual Alliance Ltd Group, trading as Virtual Learning UK (VLUK).

The EFA undertook a review to:

- a) establish whether the arrangements for students enrolled at NEWA for the 2014 to 2015 academic year, undertaking the BTEC National Extended Diploma in Sport (BTEC) qualification through VLUK and golf tuition at LWGS met the EFA's funding guidance¹ and sub-contracting regulations² (regulations)
- b) establish whether income, other than that provided by the EFA, has been received for the students' education

The EFA visited NEWA and the City of Wolverhampton Academy Trust (the academy trust) on 12 April 2016 and VLUK on 15 April 2016. A sample of 10 students (out of 27 in scope) were reviewed for compliance with the regulations.

The findings of the review are:

- the academy trust and NEWA have breached the 2014 Academies Financial Handbook (s.4.6.2) as insufficient records necessary to verify the provision delivered by its sub-contractor have been retained. Records must be retained for 6 years
- the academy trust and NEWA breached the regulations due to VLUK sub-contracting to another organisation (LWGS) by way of support for the VLUK employee to deliver some practical elements of the BTEC
- NEWA failed to apply adequate management, monitoring and control arrangements over VLUK education at LWGS
- there was no evidence that (for EFA funded students) any income other than that provided by the EFA was received by either NEWA or VLUK for the BTEC
- the sub-contracting agreement with VLUK (LWGS element) ceased at 31 August 2015

¹ Funding guidance for young people academic year 2014 to 2015: Funding regulations, published June 2014

² Funding guidance for young people 2014 to 2015: Sub-contracting control regulations from 1 August 2014, published April 2014

Background

1. North East Wolverhampton Academy (NEWA) is a sponsored academy and is part of the City of Wolverhampton Academy Trust (the academy trust). It is an average-sized secondary school of 980 pupils, including a sixth form. The academy moved into new premises in September 2014.
2. NEWA has had a sub-contracting agreement with Virtual Alliance Ltd, trading as Virtual Learning UK (VLUK) since the 2012 to 2013 academic year. The sub-contract is for VLUK to provide the BTEC National Extended Diploma in Sport (BTEC) for students based at professional sport clubs, initially for football provision at Crewe Alexandra.
3. In August 2014, NEWA agreed with VLUK to register 27 students and enter them for BTEC provision to be delivered at the site of Lee Westwood Golf School (LWGS) for the 2014 to 2015 academic year. The arrangement with LWGS was set out in a service level agreement between VLUK and LGWS dated 29 May 2014. The agreement ended on 31 August 2015. The academy trust's Chief Executive Officer and Finance Director and NEWA's Principal in post at the time of the VLUK sub-contracting agreement no longer work for the academy trust.
4. The Education Funding Agency (EFA) received complaints from parents that during academic year 2014 to 2015 they paid fees to LWGS for a golf and education programme and were unaware that NEWA had registered their child and accessed public funds for the BTEC.

Objective and scope

Objective

5. The objective of the review was to establish whether the arrangements in respect of students enrolled at NEWA, who were undertaking the BTEC through VLUK (and golf tuition at LWGS), met the EFA's funding guidance³ and sub-contracting regulations⁴ (regulations) and whether there was any evidence that income other than that provided by the EFA has been received for the BTEC.

Scope

6. For the 2014 to 2015 academic year, work was undertaken to:

³ Funding guidance for young people academic year 2014 to 2015: Funding regulations, published June 2014

⁴ Funding guidance for young people 2014 to 2015: Sub-contracting control regulations from 1 August 2014, published April 2014

- 6.1. determine the number of students who were enrolled at NEWA, were studying for the BTEC and were undertaking golf tuition at LWGS
- 6.2. determine whether the students identified in 6.1 were eligible for funding as per the regulations and who completed and signed the registration documents
- 6.3. determine how the mandatory and optional units of the BTEC were delivered
- 6.4. determine (where possible) income received in respect of the BTEC, and where the income originated from
- 6.5. determine if NEWA had sufficient controls in place over its sub-contracting learning provision as per the regulations

Review methodology

7. The review used the standard EFA assurance funding audit methodology to undertake a funding audit reviewing a sample of student records for students enrolled by NEWA, who were studying the BTEC with VLUK and were also attending LWGS. This included reviewing the students' timetable, Individual learning plan, information, advice and guidance forms, the service level agreements in place and interviewing the then Head of Sixth Form (now Senior Assistant Principal at NEWA) and the current Head of Sixth Form.

8. Through the sub-contracting agreement between NEWA and VLUK, we reviewed VLUK's records relating to the selected sample of students, and interviewed VLUK's Principal and Directors.

Detailed findings

Enrolment and funding eligibility

9. NEWA first entered into a sub-contracting arrangement with VLUK in the 2012 to 2013 academic year, for the delivery of a Level 3 BTEC in sport delivered in partnership with Crewe Alexandra Football Club. For the 2014 to 2015 academic year, in addition to the sub-contracted football provision, 27 students studied for the BTEC with VLUK in partnership with LWGS and were added to the sub-contracting arrangement. Consequently NEWA enrolled and were funded by the EFA for 9 students in year 12 and 18 students in year 13 who were undertaking education by VLUK and golf tuition at LWGS.
10. From interviews undertaken with the Senior Assistant Principal, who was the Head of the Sixth Form for part of the 2014 to 2015 academic year, and the current Head of Sixth Form, it was apparent that the agreement to take on the LWGS students was brokered by the then Finance Director at the academy trust and VLUK through an email exchange and with no communication or consultation with NEWA staff. The staff at NEWA with responsibility for monitoring the provision were not aware of the additional students until being asked to enrol them by VLUK.
11. Details to enable NEWA to register students for EFA funding were enrolled using VLUK's enrolment form, as they did not have a NEWA enrolment form available for use. All enrolment forms had been destroyed by VLUK after the end of the 2014 to 2015 academy year. NEWA received student details to enable registration via a spreadsheet from VLUK and could not evidence copies of enrolment forms.
12. The enrolment spreadsheet was reviewed together with tracker sheets, student timetables, individual learner plans, information, advice and guidance forms and other student records held. The spreadsheet contained the expected student eligibility information (for example date of birth, nationality, address). Although the original enrolment forms had been destroyed, we have sufficient assurance from documentary evidence and interviews with the Senior Assistant Principal at NEWA and the Principal at VLUK that students enrolled at NEWA met the eligibility criteria set out in the regulations. Evidence was provided that demonstrated students not eligible for funding were not enrolled at NEWA.
13. As enrolment forms had been destroyed, it is not possible to determine who signed the enrolment form.
14. Interviews held with the VLUK Principal suggest that students were made aware (verbally) of the link between VLUK and NEWA and that they would be enrolled at NEWA. Documentary evidence of reports/communications to students/parents shows the NEWA logo, and the online learning platform used by students (The Sports Brain) displayed the NEWA and VLUK logos on the student's login page. However there is insufficient

documentation to confirm parents were adequately aware that students had been enrolled at NEWA.

15. NEWA have breached the 2014 Academies Financial Handbook (s.4.6.2) as insufficient records necessary to verify the provision delivered by its sub-contractors has been retained. Records must be retained for 6 years. However, we were satisfied that students enrolled were eligible for EFA funding.

Education delivery

16. All students followed a generic timetable. Annex A provides a summary of the timetable and the split between the VLUK BTEC and the separate LWGS programme. The BTEC was delivered on-site at LWGS by a VLUK employee, and included up to 4 hours of practical support per week from LWGS employees in sessions led by the VLUK tutor. The element of the timetable delivered solely by LWGS is not part of the BTEC and we understand it was subject to separate agreements direct with parents.

17. VLUK had a separate agreement with LWGS for the provision of a resourced classroom and staff to support the VLUK employee with the delivery of practical elements of the BTEC, for example golf specific context and demonstrations. The Senior Assistant Principal at NEWA was unaware that part of the BTEC had been further sub-contracted to LWGS. It has not been possible to determine whether NEWA staff, who made the arrangements but have since left the Trust, knew about the further sub-contracting.

18. VLUK paid £1,500 per student to LWGS to cover the hire of classroom facilities and for staff to support the VLUK employee with the delivery of practical elements of the BTEC (as per paragraph 17). An interview with VLUK Directors suggest the £1,500 was paid from the £3,350 BTEC funding VLUK received from NEWA, and as a result LWGS received £1,500 per student of EFA funding to support VLUK with the delivery of the BTEC.

19. NEWA have breached the regulations due to VLUK sub-contracting part of the BTEC programme to another organisation (LWGS). Paragraph 42 from the Funding guidance for young people 2014 to 2015: Sub-contracting control regulations states: “Sub-contractors must not sub-contract the delivery of EFA-funded provision to other organisations or self-employed individuals.”

Sub-contracting controls

20. The EFA expects all academy trusts to comply with the Academies Financial Handbook and EFA funding guidance and regulations. Although NEWA sub-contracted education provision to VLUK, NEWA remained responsible for ensuring compliance with the regulations.

21. Our review tested compliance with the regulations and found that NEWA and the academy trust's management, monitoring and control of the VLUK sub-contract were weak or non-existent. In summary, areas of non-compliance were:

- 21.1. there was no documentation to evidence how the element of EFA funding retained by NEWA was determined, what it was spent on or costs incurred ⁵
- 21.2. limited due diligence checks on VLUK were in place, and no due diligence was undertaken on LWGS. NEWA were unaware that LWGS charged fees and made no enquiries to be satisfied that tuition fees⁶ were not being charged for the BTEC
- 21.3. the 2014-15 contract between NEWA and VLUK was unsigned and did not refer to LWGS or the golf provision
- 21.4. a lack of understanding of the sub-contracting regulations resulting in NEWA being unaware that VLUK had sub-contracted with LWGS to support VLUK with delivering practical elements of the BTEC (as per paragraph 17), and that this arrangement was financed from a share of the funding claimed by NEWA for the BTEC
- 21.5. inadequate monitoring (control)⁷ arrangements of the education provision due to NEWA not making any on-site visits to the VLUK provision at LWGS during the 2014 to 2015 academic year

22. The interview with the Senior Assistant Principal at NEWA suggests they had confidence in VLUK and the quality of their provision due to working with the organisation in the prior year. The reasons given by NEWA for failure to undertake any on-site visits were the pressures on NEWA staff as they relocated to a new building, and of an Ofsted inspection in that year. A planned visit to LWGS in June 2015 was not undertaken once it was decided that the LWGS provision would not be part of the 2015 to 2016 academic year sub-contract between NEWA and VLUK.

23. NEWA and the academy trust have breached the regulations by failing to apply the necessary management, monitoring and control over the VLUK education provision at LWGS.

⁵ Paragraph 10 from the Funding guidance for young people 2014 to 2015: Sub-contracting control regulations: "amount of funding retained by directly funded institution to be proportionate to the costs they incur."

⁶ Paragraph 16a from the Funding guidance for young people 2014 to 2015: Funding regulations: "tuition fees cannot be charged to students aged 16-18 in full time or part-time education."

⁷ Paragraph 49 – 54 from the Funding guidance for young people 2014 to 2015: Sub-contracting control regulations: "Monitoring (control) visits and spot checks".

Funding

24. Based on the funding rates and formula for young people for 2014 to 2015 (annex C), NEWA received circa £4,122 per student included on the October 2014 census. NEWA agreed to pay £3,350 per student on the BTEC programme to VLUK, invoiced by VLUK monthly based on the actual number of students that were on the programme. There was no documentation available that demonstrates how the £3,350 was calculated or what NEWA used the retained funding for. As stated in paragraph 18, VLUK paid LWGS £1,500 (per student) to cover the hire of classroom facilities and for staff to support the VLUK employee with the delivery of practical elements of the BTEC (as per paragraph 17). Annex B shows a diagram of payments between EFA, NEWA, VLUK and LWGS.

25. Evidence reviewed demonstrates NEWA did not receive any funding from LWGS. VLUK did not receive any funding from LWGS for the EFA funded students on the BTEC. VLUK invoiced LWGS for the BTEC education of students not eligible to receive EFA funding.

26. Parents that have complained to the EFA have suggested they pay fees to LWGS for the golf and education experience. For the students eligible for EFA funding, there was no evidence that fees from parents were paid to VLUK or NEWA for the BTEC or any other purpose. The students' timetable (annex A) has a split of time students spend on the VLUK BTEC (funded via NEWA) and the LWGS provision. Fees paid by parents to LWGS are a private arrangement and are not regulated by the EFA and therefore outside the scope of this review.

27. There was no evidence that (for EFA funded eligible students) any income other than that provided by the EFA was received by either NEWA or VLUK for the BTEC education programme.

Conclusion

28. Records held at NEWA and the academy trust in relation to the VLUK sub-contract for academic year 2014 to 2015 were not sufficiently organised or complete. Enrolment forms had not been requested by NEWA and have since been destroyed by VLUK. As a result, the academy trust and NEWA have breached the 2014 Academies Financial Handbook (s.4.6.2) as insufficient records necessary to verify the provision delivered by its sub-contractor have been retained. Records must be retained for 6 years.

29. The EFA expects academies to consider and treat students undertaking qualifications with sub-contractors as if they were attending their own academy. NEWA did not have a good understanding of educational and operational arrangements in place. In particular NEWA did not know about or review (for compliance with EFA regulations) the agreement between VLUK and LWGS. NEWA also failed to realise fees were being charged by LWGS and as a result did not undertake any checks on what the fees were for. Adequate management, monitoring and control over VLUK was not in place by NEWA.

30. Although NEWA had on-line access to learning records and reports, the lack of any on-site visit to VLUK students at LWGS, and NEWA not realising the support provided by LWGS for the BTEC has resulted in our conclusion that the academy trust and NEWA breached the funding guidance and regulations relating to the management and control of the sub-contract.

31. Complaints were received by the EFA that parents have paid fees to LWGS for education provision that was also funded by the EFA. There was no evidence that (for EFA funded students) any income other than that provided by the EFA was received by either NEWA or VLUK for the BTEC. VLUK paid LWGS to cover the hire of classroom facilities and for staff to support the VLUK employee with the delivery of practical elements of the BTEC. There was no evidence that parental fees have been used to fund the BTEC.

32. The agreement between NEWA and VLUK regarding the BTEC with golf programme ceased on 31 August 2015.

Annex A – Timetable

Timetable for VLUK / LWGS students for the 2014 to 2015 academic year (provided by VLUK)

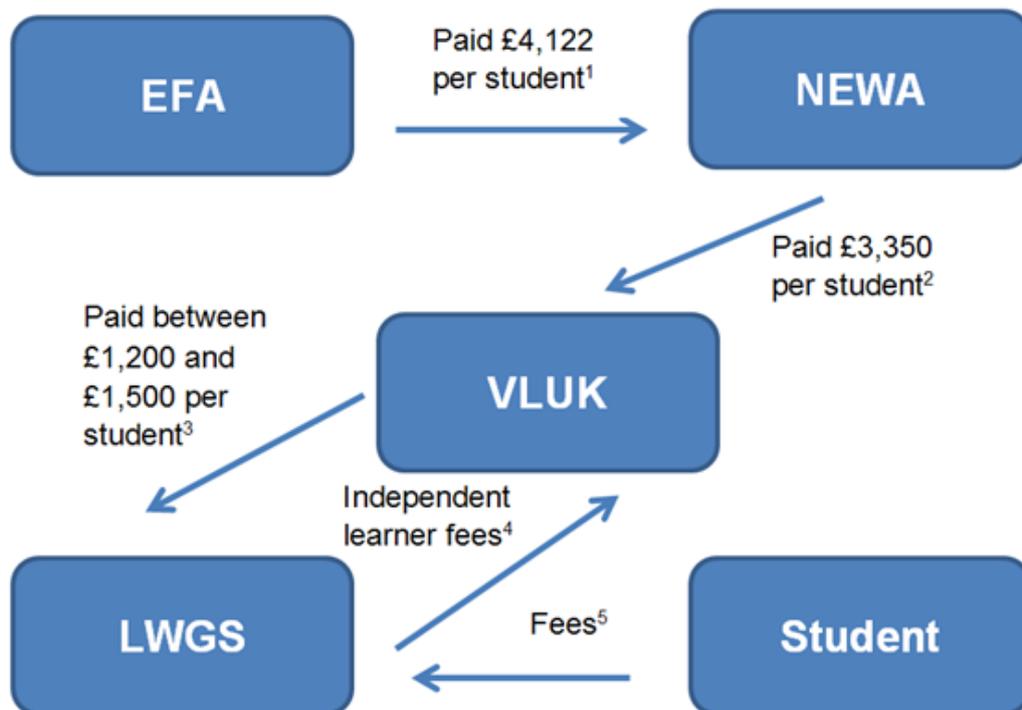
	VLUK BTEC (hours)	LWGS (hours)	VLUK (hours)	LWGS (hours)
Core BTEC learning, including practical element	12	-	12	-
Functional skills / GCSE Maths/English	-	-	1	-
Supervised private study	3	-	3	-
Personal tutorial	-	-	1	-
Golf practice	-	13.5	-	11.5
Match day	-	5	-	5
Total hours	15	18.5	17	16.5

The BTEC and associated practical element was delivered within the VLUK BTEC hours. VLUK provided an employee for up to 12 hours per week, plus 3 hours of supervised independent learning. LWGS provided up to 4 hours practical element support each week for the VLUK BTEC tutor, which is part of the 15 hours (year 12) and 17 hours (year 13).

The LWGS hours were not part of the BTEC and were subject to separate arrangements direct with parents.

Annex B – Funding

Diagram showing money flows between parties



1 - EFA funding claimed by NEWA via October census.

2 – Sub-contracting agreement between NEWA and VLUK. NEWA pass over £3,350 for VLUK to deliver the BTEC.

3 – A further agreement between VLUK and LWGS. VLUK pass over between £1,200 and £1,500 per student for hire of LWGS facilities and to support the VLUK employee for the practical element of the BTEC.

4 – LWGS pay VLUK education fees for students ineligible for EFA funding (e.g. where students do not meet residency or age requirements).

5 – Fees are paid by students to LWGS under separate private arrangements between the student and LWGS and therefore not governed by EFA funding regulations, and not covered in this review.

Annex C – Funding rates and formula for NEWA

National funding rates for 2014 to 2015

Band	Annual timetabled hours	Eligible students	National funding per student
Band 5	540+hours	16 & 17 year olds and students aged 18 & over with high needs	£4,000
Band 4a	450+hours	Students ages 18 & over who are not high needs	£3,300
Band 4b	450 to 539 hours	16 & 17 year olds and students aged 18 & over with high needs	£3,300
Band 3	360 to 449 hours		£2,700
Band 2	280 to 359 hours		£2,133
Band 1	Up to 279 hours		£4,000 Per full time equivalent (FTE)

Formula rates for NEWA post 16 students

Retention factor – 0.97500

Programme Cost Weighting – 1.05700

Area Cost Allowance – 1.00000

Disadvantage Proportion % – 0.00000



Education
Funding
Agency

© Crown copyright 2016

This publication (not including logos) is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

To view this licence:

visit www.nationalarchives.gov.uk/doc/open-government-licence/version/3

email psi@nationalarchives.gsi.gov.uk

write to Information Policy Team, The National Archives, Kew, London, TW9 4DU

About this publication:

enquiries www.education.gov.uk/contactus

download www.gov.uk/government/publications



Follow us on Twitter:
[@educationgovuk](https://twitter.com/educationgovuk)



Like us on Facebook:
facebook.com/educationgovuk