Academy chain under fire following revelation of payments made to bosses

Academy Enterprise Trust paid almost £500,000 over three years to private businesses owned by its trustees and executives

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The country's largest taxpayer-funded academy chain, which was recently criticised for its poor performance in managing schools, has paid nearly £500,000 into the private business interests of its trustees and executives.

An investigation by the *Observer* has uncovered a series of payments over the past three years to companies in which those running the Academy Enterprise Trust (AET), a registered charity, have a beneficial interest. The payments were for services ranging from "project management" to "HR consultancy", according to the academy chain's company accounts. AET, which is based in Essex, has not provided further details. In all the cases the services had not been put out to competitive tender.

Ian Comfort, who has been company secretary since April 2012, was paid £232,960 in addition to his undisclosed salary for project management services that year.

A series of payments to AET's trustees have also been revealed. Such payments, while legal, are described as "not normal practice" in a document published by the regulator of academies this month, and drawn up following consultation with the Charity Commission.

The commission's guidance stipulates that "unpaid trusteeship has been one of the defining characteristics of the charitable sector, contributing greatly to public confidence in charities". Yet Foster Project and Leadership Development, which is owned by Ian Foster, a trustee and chairman of AET, received payments of £70,478 in 2012, £41,693 in 2011 and £59,773 in 2010.

In the year ending August 2010, a company called Frank Butler Human Resources, owned by another trustee, received £21,408. And trustee Steve Leverett received £12,504 in 2011 and £36,878 in 2010, in relation to his role in checking the accounts, a position trustees were explicitly encouraged to take.

In accounts for the year ending August 2009, AET also records "two trustees and one governor" receiving unspecified payments for "consultancy services".

The chain, which was formed in 2008, also encourages its academies to use recruitment firm Synarbor when hiring teachers. David Triggs, who was paid £214,535 in 2012 to be chief executive of AET, was also a director of Synarbor until April this year. A spokesman said that Triggs was paid a fee for his work at Synarbor but that it was used "to support children and young people in our academies". The spokesman did not respond to inquiries about whether Triggs had any current or past shareholdings in the firm, but denied that Triggs had made any personal gain.

The array of payments was made despite AET's most recent accounts stating that it had a "serious" budget deficit, although one that is not an "immediate threat" to its viability. AET will be running 80 schools by September, the largest number of any academy chain.

Liberal Democrat MP John Pugh said: "We have had enough of overleveraged, overstretched and overpaid organisations in the financial world. To bring them into the world of state education is reckless stupidity."

His party colleague Paul Holmes, a former teacher, added: "If you set up academies to be freestanding, very much along the lines of private business, you shouldn't be surprised when they behave like private businesses."

AET, which says its finances are sound, was criticised by education secretary Michael Gove this month after one of its schools was placed in special measures, having dropped from a "good" Ofsted rating since becoming an academy. Gove told the House of Commons that AET had "not done everything they promised", and added: "We have taken steps to deal with that."

In a statement, the DfE said it was concerned about AET's performance. "DfE representatives have visited AET academies that are not making the necessary improvements," it said.

In March, the department said it was barring AET from taking over more schools because of concerns that its rapid expansion was hitting standards.

But a spokesman for the trust said that was incorrect, and insisted that the decision to pause the chain's expansion plans had been a mutual one made by the department and AET.

AET cited a confidential and publicly unavailable report from the DfE's Education Funding Agency (EFA), the regulator for academies, which it said stated that "generally the opinion was [from its academies] that AET provided better services than the predecessor local authorities". AET would not provide a copy of the report.

The revelation of the payments made by AET to its executives and trustees will inevitably cause concern, coming as it does in the wake of a separate scandal this spring surrounding another academy chain, E-Act.

E-Act was censured in an official government report for endorsing extravagant expenses claims, first-class rail travel and "a culture of prestige venues" for its meetings.

The chain, which runs 35 of the government's flagship schools, was found by the EFA to have spent hundreds of thousands of pounds of taxpayers' money on "procedural irregularities" – including unapproved consultancy fees. This prompted a series of resignations within the highest echelons of the academy chain.

A spokesman for AET, which last week hired a public relations firm, said that there was evidence that the academy chain was among the better performers in the sector. He said that while services provided by trustees and staff had not been put out to competitive tender, AET had followed all the correct procedures.

The spokesman also denied that AET had overstretched itself. He said: "The expansion of AET was at the request of the current secretary of state and his ministers. In June 2012, prior to any examination results, we came to a mutual agreement with the department to pause and consolidate."