



House of Commons  
Committee of Public Accounts

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# The Academies Programme

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**Fifty-second Report of Session  
2006–07**

*Report, together with formal minutes, oral and  
written evidence*

*Ordered by The House of Commons  
to be printed 18 July 2007*

**HC 402**

Published on 18 October 2007  
by authority of the House of Commons  
London: The Stationery Office Limited  
£0.00

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## Summary

An academy is a publicly funded school that is supported by one or more sponsors and operates independently of the local authority. The Department<sup>1</sup> intends that academies should raise achievement in deprived areas by replacing poorly performing schools or by providing new school places where they are needed. The first three academies opened in 2002 and, by September 2007, 83 academies were open and providing secondary education.

The Department aims to have 200 academies open or in development by 2010 at a capital cost of around £5 billion. The Department covers most of the capital costs and all of the running costs of academies. By October 2006, the programme had cost £1.3 billion in capital and running costs, including the costs of managing the programme. In November 2006, the former Prime Minister announced plans to double the number of academies to 400.

The average capital cost of the first new-build academies was £27 million, compared with between £20 million and £22 million for other new secondary schools. The difference partly reflects cost overruns on academies, but also differences in the size of academies compared with other schools, as well as their location in areas with relatively challenging sites and, on average, higher local construction costs.

On the basis of a report by the Comptroller and Auditor General (C&AG),<sup>2</sup> the Committee took evidence from the Department for Education and Skills about the progress of the Academies programme and whether it is on track to achieve its objectives.

It is too early to be certain whether the Academies programme will achieve its long term aims. There are signs of progress; for example, the GCSE performance of academies has increased faster than that of other schools, and there have been improvements at Key Stage 3 (age 14). Exclusions of pupils are higher, on average, at academies than at other schools.

Continuing improvements in attainment will depend on sustaining the energy and commitment of academy pupils and staff, and creating the same enthusiasm in new academies as they open. Literacy and numeracy of academy pupils have been rising but are still very low, at less than half the level of attainment in all secondary schools. In 2006, 22% of pupils in academies achieved five or more A\*–C grades, including English and maths, compared with 45% in all schools. Most academies' sixth forms have not performed well so far.

Academies need to collaborate with other secondary schools not only to share the benefits of their facilities and the lessons from the educational improvements they have made, but also to gain benefits for their own pupils, for example in broadening and improving the

1 Three new departments were set up by the Prime Minister on 28 June 2007. The new Department for Children, Schools and Families, which took on some responsibilities of the former Department for Education and Skills, is responsible for improving the focus on all aspects of policy affecting children and young people and has assumed responsibility for the Academies programme.

2 C&AG's Report, *The Academies Programme*, HC (2006–07) 254

quality of education for all pupils, and particularly from age 16.

Established academies will need to manage within reduced budgets after the withdrawal of start-up funding, and meet the costs of maintaining their new buildings. The Department needs to learn the lessons from completed academy projects, especially on improving project management and reducing capital cost overruns. Building and opening a new academy can be an expensive way of tackling poor school performance, so as the programme expands the Department needs to balance the cost of academies and the benefits they bring against other school improvement programmes.

## Conclusions and recommendations

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1. **Existing academies have made progress, for example in raising pupils' attainment at GCSE, but it is too early to tell whether rising attainment is sustainable.** Academies' achievements so far reflect the energy and commitment of academy pupils and staff, but also the high levels of expenditure on academy buildings and the extra start-up grants. The Department should develop measures of the robustness and sustainability of the expanding programme, such as tracking of costs and overruns, pupil attainment and ratings by Ofsted, and the availability of good quality sponsors, academy principals and project managers.
2. **Literacy and numeracy of academy pupils has been rising but are still low, at less than half the level of attainment in all secondary schools.** In 2006, 22% of pupils in academies achieved five or more A\*–C grades including English and maths compared with 45% in all schools. The Department should ask those academies that have made the most progress in English and maths to help identify and disseminate good practices such as building literacy and numeracy into other subjects in the curriculum, and demonstrating the importance of literacy and numeracy for future employment prospects.
3. **Many academy sixth forms are small, which restricts the range of subjects they can offer, and they have inherited a poor legacy of standards of education received by some of the students entering the sixth form.** With low aspirations and challenging behaviour among some pupils in the younger age groups, academies have placed less emphasis on their sixth forms in the early years. To give their students the fullest possible range of options and to improve educational standards, academies should collaborate with neighbouring schools, colleges, other training providers and employers, to broaden the curriculum they offer and give young people beyond the age of 16 a wide range of educational options.
4. **A small number of academies have had high levels of exclusions, possibly as part of a short-term strategy to improve pupil behaviour.** Academies have to follow the statutory School Admissions Code of Practice,<sup>3</sup> and they admit, on average, higher proportions of pupils eligible for free school meals, with special educational needs, and with lower attainment at age 11 than are present in their immediate vicinity. Parents and local communities need continuous evidence that academies are acting fairly in relation to admissions and exclusions, and academies should report on both annually. The Department should scrutinise trends in individual academies' exclusions to assess whether exclusions rates reduce to be more in line with similar schools.
5. **Of the first 26 academy buildings, 17 incurred cost overruns averaging £3.2 million, or well over 10%.** Some of these overruns occurred because cost control was not sufficiently robust. The Department should disseminate lessons learnt in project management from the early academy projects, such as cost benchmarks for large

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3 Academies are "admissions authorities" and must comply with the School Admissions Code of Practice. Under the Education Act 2002, they are to provide education for pupils of different abilities who are wholly or mainly from the area in which they are located.

items like information technology systems and furniture and fittings, to the people running projects to build new academies, whether under the previous arrangements or within the Building Schools for the Future programme.

6. **Risks to academies' financial sustainability include the withdrawal of start-up funding and uncertainty about the costs of running their new buildings.** The Department does not yet know the costs of running academies in the longer term. It should examine the running costs of the new academy buildings so that funding levels and budgets are set at a realistic level and academies can plan for future replacement of larger capital items such as information technology systems.
7. **A small number of academies have paid sponsors to provide services, for example for payroll management.** Such services should be routinely put out to competitive tender, so that they meet existing procurement regulations and demonstrably avoid conflicts of interest.
8. **There are fewer planned or open academies than might be expected in the north of England.** The Department has a target that 60 of the first 200 academies should be in London. It should examine deprivation data when deciding the location of a new academy to make sure that its programme for academies reflects the Government's overriding objective to raise attainment in deprived areas, and that academies are built in areas with the greatest need.
9. **Academies are a relatively costly means of tackling low attainment.** As the programme expands further, there is an increasing risk that individual academy projects may be proposed where the value for money case for an academy is not made. The Department should reject proposals that put at risk the viability of local schools and colleges providing a good quality education, including proposals relating to education from age 16. It should not approve academy projects in locations where a less costly solution, for example requiring less capital expenditure and lower or no start-up funds, would provide better value for money.
10. **Prior to changes announced in the Budget of March 2007, academies risked incurring large VAT liabilities for community's use of their buildings.** Following the change, all academies should make their facilities available for use by their communities. The Department should consider whether there will be a future need to address this issue in relation to voluntary-aided schools being rebuilt as part of the Building Schools for the Future programme.
11. **Sharing of lessons learnt from the first academy projects has tended to be informal and not systematic.** The Department and the Specialist Schools and Academies Trust should develop a systematic method, such as dissemination through a good practice website, so that lessons can be made easily available to other academies, particularly those in the development phase.

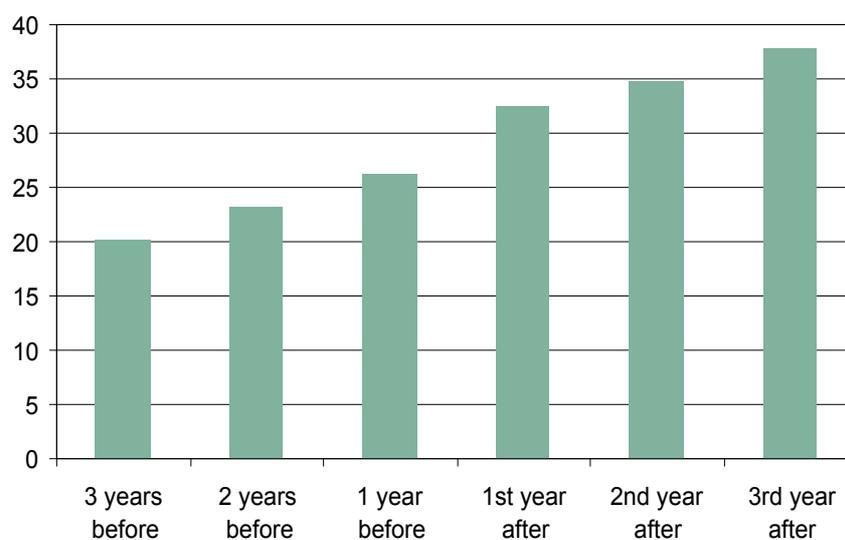
# 1 Progress in improving pupils' educational attainment

1. Existing academies are improving educational attainment, reflecting the hard work of pupils and staff. So far, however, the large majority of pupils who have taken GCSEs in academies have received some of their education in other secondary schools, so the full impact of even the early academies is not yet known. It is therefore too early to conclude whether the Academies programme will achieve its aim of transforming academic achievement in the most deprived areas in England.<sup>4</sup>

2. The first academies have improved academic performance at GCSE compared to their predecessor schools. **Figure 1** shows that predecessor schools were, on average, performing poorly three years before becoming an academy. Performance improved in the run up to becoming an academy and in each of the next three years.<sup>5</sup>

**Figure 1: GCSE results of academies and their predecessor schools**

Average percentage of pupils achieving five GCSEs at A\* to C



Examination results before/after becoming an academy

**Note 1:** The first four bars are based on average data from 20 academies, and the fifth and sixth bars are based on the first 13 and 10 academies respectively.

Source: *National Audit Office*

3. Any school that acquires a new building, a new head teacher and many new staff is likely to improve its pupils' levels of attainment. Such changes can lead to an improvement in morale and behaviour that makes a school almost unrecognisable as the predecessor

4 C&AG's Report, box on page 8; Qq 72–73

5 Predecessor schools normally enter the Academies programme about two years before formally re-opening as an academy.

school, though many of the pupils are the same. It is therefore difficult to assess how far improvements in results in academies derive from the Academies programme itself and the features that make academies different from other schools, or from the high level of expenditure involved in opening an academy. Currently there are too few long-established academies to judge whether the comparable improvements could have been achieved within the existing secondary school system.<sup>6</sup>

4. The closest comparator group to academies is the 22 Fresh Start schools that replaced some of the most poorly performing schools between 1998 and 2002. These schools often have a large number of staff changes and usually some new capital works but not entire new buildings. The extent of change is more substantial in academies. Excellence in Cities schools, another comparator group, also receive funding to raise educational standards, but they include a broader range of schools.<sup>7</sup> The Department plans to obtain data on other new secondary schools and to compare their academic improvements with those of academies.<sup>8</sup>

5. The first 20 academies' GCSE results in 2006 were on average higher than Fresh Start schools, lower than Excellence in Cities schools in deprived areas, and much lower than for secondary schools overall.<sup>9</sup> The academies' key results were:

- 22% of pupils achieved five or more A\*–C grades, including English and maths;
- 40% of pupils achieved five or more A\*–C grades; and
- 80% of pupils achieved five or more A\*–G grades.<sup>10</sup>

6. Academies' lower results compared with secondary schools overall reflect the circumstances and prior attainment of their pupils. The 'contextually value added' measure adjusts a school's performance for these factors. In 2006, academies' adjusted performance was on average substantially better than secondary schools overall, Fresh Start schools and Excellence in Cities schools.<sup>11</sup> Academies have also been developing their curriculum to make it more relevant to pupils who were not well served by traditional GCSEs.<sup>12</sup>

7. Between 2005 and 2006, academies improved GCSE performance more quickly than other schools; for example the percentage of academy pupils gaining five or more A\*–C grades when maths and English are excluded increased by 5.8 percentage points compared with 2.5 percentage points in all schools. The improvement was made from a low base and

6 Qq 34, 87–89, 105, 115

7 C&AG's Report, para 2.6; Qq 35–37, 86

8 Ev 19

9 The results exclude five academies that were previously city technology colleges because they did not start from the same low base as other academies. Their average results exceeded the other academies for each of these three measures of GCSE performance.

10 C&AG's Report, Figure 6

11 C&AG's Report, para 2.13; Figure 10

12 Qq 73, 114

here is still a long way to go. The Department is committed to the Academies programme achieving further improvements in attainment.<sup>13</sup>

8. Academies' performance in English and maths at GCSE level and at Key Stage 3 (national tests for 14-year olds) is improving faster than other schools, but it is still well below national averages (**Figure 2**), with performance at GCSE still less than half the national average. Many academies are focusing attention on helping year 7 pupils (i.e. just starting their secondary education) to catch up with literacy and numeracy. A lot are using a particular programme called Read Write Inc, based on experience of using it in the London Challenge.<sup>14</sup> Some academies such as the City of London Academy (Southwark), which was above the national average in English and maths, have made good progress.<sup>15</sup>

**Figure 2: Academies' performance in English and maths, 2006**

	<b>Pupils achieving 5+ A*-C GCSEs including English and maths (%)</b>	<b>Percentage point improvement in pupils achieving 5+ A*-C GCSEs including English and maths</b>	<b>Pupils achieving level 5 or above in English at Key Stage 3 (%)</b>	<b>Pupils achieving level 5 or above in maths at Key Stage 3 (%)</b>
Academies	22	6.0	59	63
Excellence in Cities schools (in deprived areas)	29	2.1	60	66
Fresh Start schools	17	1.3	45	54
All schools	45	1.5	74	78

Source: National Audit Office, Department for Education and Skills' note to the Committee

9. The performance of academies at advanced level has been poor, reflecting a range of factors including the small size of most academies' sixth forms, a legacy of poor standards from predecessor schools and a lack of emphasis on sixth forms in the first years of most academies. In 2006, the average point score of students at the first 13 academy sixth forms was 541, well below the national average of 722 points.<sup>16</sup> The Department and academy principals are starting to apply lessons learned from improving education for the 11 to 16 years age range, as well as lessons from Ofsted inspections of sixth forms. It will take some time to improve sixth forms where standards were previously low, but improving the quality of post-16 education is especially important in encouraging young people to stay in

13 C&AG's Report, Figure 8; Qq 73, 113

14 Read Write Inc. is a synthetic phonics programme published by Oxford University Press. London Challenge is a five-year partnership between Government, schools and boroughs to raise educational standards in London's secondary school system: <http://www.dfes.gov.uk/londonchallenge/>

15 C&AG's Report, Figures 6, 8-9; Qq 7-8. The City of London Academy (Southwark)'s results were: in English, 79% of pupils at level 5 or above; in maths, 72%; and in science, 74%

16 C&AG's Report, para 2.18; footnote 16

education up to age 18, and in achieving the Government's objective to widen participation in higher education.<sup>17</sup>

10. It would be possible for any school to influence its academic results if it were able to select pupils by ability. Academies are 'admissions authorities' but are required to work within the standard admissions code of practice that applies to other schools.<sup>18</sup> Where they are over-subscribed, academies must publish their criteria for how they decide which applicants are given places, and these criteria must be consistent with the code.<sup>19</sup> Some academies select up to 10% of pupils on aptitude for the academy's chosen specialism, as do some of the 80% of secondary schools that have specialist status.<sup>20</sup> The first academies, on average, admitted higher proportions of pupils eligible for free school meals, with special educational needs, and with lower prior attainment than lived in their immediate vicinity.<sup>21</sup> The Department considers that the popularity of academies is evidence that parents see them as a source of high quality education that did not exist previously.<sup>22</sup>

11. Any school can also influence its academic results by excluding poorly performing pupils and by seeking to attract high ability pupils. Academies, however, like other publicly funded schools, must act in accordance with the Secretary of State's guidance for schools on exclusions.<sup>23</sup> In 2005 academies permanently excluded a higher proportion of their pupils than other schools, including Fresh Start schools and Excellence in Cities schools in deprived areas: 0.61% of academy pupils were excluded, compared with 0.16% in other schools.<sup>24</sup> A higher level of exclusions may reflect a new behaviour policy.<sup>25</sup> A firmer line on disruptive pupils can result in higher levels of exclusions in the first year, which should however be followed by a decline.<sup>26</sup> In its inspections, Ofsted examines whether an academy's rate of exclusions is appropriate.<sup>27</sup> The Department considers that exclusion rates at the more established academies are settling down to levels that are comparable with other similar schools.<sup>28</sup>

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17 Qq 9–10

18 C&AG's Report, Figure 2; the local authority is the admissions authority for other schools except for voluntary aided and foundation schools.

19 Qq 49, 79, 122

20 Specialist schools can only select pupils if their specialism is one of: modern foreign languages; the perform arts; the visual arts; physical education or sport; design and technology and information technology.

21 Qq 13, 47; *Admissions: Who goes where? Messages from the statistics*, Local Government Association Research Report 4/06, National Foundation for Education Research, 2006

22 Q 15

23 Q 122

24 C&AG's Report, para 2.30

25 C&AG's Report, *Improving poorly performing schools in England*, HC (2005–06) 679; this Report showed that most headteachers of improved schools considered that implementing a clear, consistently enforced behaviour policy contributed to improving performance.

26 Qq 106–107

27 Q 122

28 Q 108

## 2 Managing programme costs

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12. The first academies have cost an average of £27 million to build where there is an entirely new building. The average for all academies including those with a remodelling or only a partial rebuilding is £24 million. Academies have therefore cost more than other new secondary schools. Limited data indicate that other schools typically cost between £20 million and £22 million, though the costs are not directly comparable with the costs of academies because of differences in the number of pupils, site constraints and local construction prices. Some academies were granted budgets that exceeded the benchmarks used for other schools, for example to overcome site problems.<sup>29</sup> Cost overruns on 17 of the first 26 academies, averaging £3.2 million, have further raised the overall cost.<sup>30</sup> The Department considers that the cost differences are not likely to have given academies a significant advantage over other schools.<sup>31</sup>

13. The Department's Academies Group oversees around 200 major academy projects, with its 'project leads' each responsible for leading between five and eight projects. The detailed project management of academy set up and building is contracted out to external project managers.<sup>32</sup> While some project management has been good, elements of the formal feedback given by the Department to project managers indicated instances of poor cost control and failures to notify the Department early about cost overruns. In 2005 the Department introduced a system to monitor the performance of the project managers.<sup>33</sup> Previously there were insufficient controls to make sure that project managers were managing costs and projects effectively.<sup>34</sup>

14. The Department calculates the annual funding of open academies so that it is equivalent to that received by other local schools. In addition, the Department provides start-up funding for up to four years after opening, which so far has averaged £1.6 million in total for each of the first 12 academies. This start-up funding is an additional benefit that academies receive compared with other schools.<sup>35</sup> By comparison, Fresh Start secondary schools received an average of £750,000 of additional revenue funding to meet their start-up costs.<sup>36</sup>

15. The Department has expected most sponsors of academies to donate 10% of the building costs, up to a total of £2 million. Under new arrangements, sponsors' financial contributions will instead be available for academies to use once they have opened. By September 2006, the sponsors of four of the first 27 academies were behind schedule on the contributions, by an average of around £200,000.<sup>37</sup> The Department believes that all

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29 C&AG's Report, paras 4, 3.23–3.24; Q 91

30 C&AG's Report, para 4

31 Q 61

32 C&AG's Report, paras 3.2–3.4

33 C&AG's Report, paras 3.6–3.7; Q 81

34 Q 45–46

35 Qq 3–4, 34

36 C&AG's Report, paras 6, 3.43

37 C&AG's Report, paras 3.31, 3.33

sponsor payments are fully up to date, but does not yet have documentary evidence because it is still with the individual academies.<sup>38</sup>

16. If an academy were to favour suppliers associated with its sponsor by letting contracts to them outside an appropriate procurement process, it would be breaking public procurement law. The Department would normally expect academies to use a tendering process. It monitors and reviews academies' accounts, which should declare any such related party transactions, but does not sign off contracts let by academies. In the early days, sponsors were involved in developing the programme because of their expertise. Progressively, the Department has developed guidance to academies on compliance with the contracting rules.<sup>39</sup>

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38 Q 64

39 Qq 27–33, 124; Ev 19

### 3 Managing risks to programme capacity

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17. The performance of each academy is highly dependent on the effectiveness of its leadership and its governance arrangements. Ofsted has so far found that most academies inspected have good or better leaders and governing bodies compared with all secondary schools inspected.<sup>40</sup> There is, however, a longer term risk that the capacity of the Academies programme to achieve its objectives could be affected by insufficient numbers of head teachers or sponsors of a sufficient calibre.

18. On sponsors, the Department is confident that there will be enough individuals and groups wishing to contribute to academies to meet the target for opening 200 academies.<sup>41</sup> To recruit high quality head teachers and reflecting the scale of challenge of running an academy, academies usually pay higher salaries for their principals than many other secondary schools, though some other schools' governing bodies also exercise discretion to determine the going rate for a head teacher, and to pay a higher salary where necessary.<sup>42</sup> In 2004–05, 13 academy principals (for whom information was available) earned salaries in the range £80,000 to £118,000, compared with normal salary ranges of between £62,000 and £88,000 for maintained schools in London (salaries outside London are generally lower).<sup>43</sup>

19. Academies compete with other schools to attract high quality teaching staff. They have flexibility to pay teachers as they wish, outside of the national benchmarks. The Department believes that some academies are using this flexibility, but is not aware of any that are paying teachers less than equivalent schools.<sup>44</sup> Academies face similar pressures to other schools in recruiting teachers in some specialist areas such as science, but the Department does not believe that quality of education has been adversely affected by such pressures.<sup>45</sup>

20. Each academy project produces lessons that would be useful for the Department and other academies, but there is no single source where newly planned academies can draw on the experience of those that are already established. From September 2005, the Specialist Schools and Academies Trust has had responsibility for providing support to academies.<sup>46</sup> Good practice is also shared through the academy principals' network and through school improvement partners.<sup>47</sup> During the development of an academy, the Department's project leads and project managers are expected to draw out the lessons and share them. Part of

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40 C&AG's Report, para 2.21

41 Q 12

42 Qq 65–69

43 C&AG's Report, para 3.42

44 Qq 92–95

45 Q 100

46 C&AG's Report, paras 2.24, 2.27

47 Qq 16, 20

their role is to enable feedback on plans from sponsors, governors and principals, and to challenge the cost of the plans where appropriate.<sup>48</sup>

21. Ofsted inspections of two of the early academies identified serious problems. The Unity City Academy was in special measures until May 2007 and the Business Academy, Bexley, was given a notice to improve.<sup>49</sup> The Department has carried out interventions where academies have needed it. At Unity City Academy, the intervention was led by a Chief Executive, a Director of Education and an Executive Principal. The Department has also carried out two other interventions at Greig City Academy and West London Academy, both of which were successful. An increased number of academies could bring the need to launch more interventions in future where an academy runs into difficulty.<sup>50</sup>

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48 Qq 17–19

49 A school requires special measures when it is failing to provide an acceptable standard of education and its leaders are not demonstrating the capacity to secure the necessary improvement. A school that it is not providing an acceptable standard of education but with leaders who can improve the school, or a school that is performing significantly less well than it should receives a notice to improve.

50 C&AG's Report, paras 2.23, 2.26; Q 7

## 4 Academies' impact on their community

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22. Academies are one of a number of possible responses to problems of very low achievement in schools in deprived areas. Some more affluent areas also have poorly performing schools, but the problems are usually easier to solve and improvements can be achieved in other ways. Through the Building Schools for the Future programme, the Department intends to renew all secondary schools over a 15-year period, so setting up an academy is not the only means to renew a school building. Some deprived areas such as Hartlepool have achieved big improvements without setting up any academies.<sup>51</sup>

23. Academies are independent of local authorities, as will be schools that gain trust status.<sup>52</sup> Local authorities' role in the schools sector generally is becoming more strategic, with less involvement in the day-to-day running of schools and more emphasis on securing the right mix of schools for their area. Establishing an academy can present the local authority with other opportunities to meet local needs, for example by looking beyond education provision to identify other community services that could be located within an academy building. For example, an academy might provide space for a children's centre or for social workers.<sup>53</sup>

24. An intention of the Academies programme is for the new buildings to be used by the local community. Academies had been liable to pay VAT on their entire building cost, where paid-for usage exceeded 10% of the available area, time or people using the building. As a result, local communities have not been able to derive maximum benefit from their buildings. The same VAT regulations also affected newly built voluntary aided schools.<sup>54</sup> The 2007 Budget Statement announced in March 2007 that the Government would remove VAT constraints for current academies and all those planned for the future, to further the effectiveness and value for money of the Academies programme.<sup>55</sup>

25. In considering whether to support the establishment of one or more academies, local authorities should take account of any need to rationalise secondary school places. Local authorities monitor the number of surplus places in their area, and provide annual statistics to the Department. In January 2006, 7% of the 3,485,000 secondary school places were surplus (including sixth-form places in secondary schools but not including any places in academies, city technology colleges or further education colleges). When a new academy is first proposed, the Department requires the 'Expression of Interest' to provide an analysis of the impact of the proposed academy on the number of school places in the area.<sup>56</sup>

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51 C&AG's Report, para 3.9; Qq 75, 113

52 The Education and Inspections Act 2006 enables all schools to become Trust schools by forming links with external partners. Trust schools will own their own assets, employ their own staff, set their admission arrangements, and be able to apply for additional flexibilities. More information is available at [www.dfes.gov.uk/publications/educationandinspectionsact](http://www.dfes.gov.uk/publications/educationandinspectionsact)

53 Qq 13, 20

54 C&AG's Report, paras 3.47–3.49; Qq 21–26

55 [http://www.hm-treasury.gov.uk/budget/budget\\_07/bud\\_bud07\\_speech.cfm](http://www.hm-treasury.gov.uk/budget/budget_07/bud_bud07_speech.cfm)

56 Qq 42–43; Ev 20

26. In 17 cases examined by the National Audit Office, the academies could be expected to reduce the number of surplus places. For example, Djanogly City Academy, Nottingham, replaced a city technology college and another secondary school, but the capacity of the academy was much less than the total capacity of its two predecessor schools. In other cases, it was less clear what effect the academy would have, because the impact on the number of pupils requiring places in the area was not known, for example because a relatively high number of children were attending schools in the independent sector or in neighbouring authorities.<sup>57</sup>

27. The Government made a commitment that 60 of the first 200 academies should be in London. In September 2006, 23 of the 46 open academies had been established in London, and the National Audit Office's analysis of the location of existing and planned academies showed that there were fewer academies in the north of England than might be expected. While the levels of deprivation alone do not justify London having such a high proportion of academies, there are special circumstances such as shortages of school places in parts of London and many pupils travelling to a school in a different borough. Much of the early interest from sponsors was also concentrated in London. The Department considers that there will be a greater spread of academies across England as the programme expands. More local authorities are planning to set up, and some to sponsor, academies.

28. Academies are expected to improve the performance of neighbouring schools within four years of opening, for example by the academy collaborating with other secondary schools in the area as part of a 'family' of schools. The National Audit Office's survey of neighbouring secondary schools showed, however, that there had been little collaboration yet, with fewer than half of the neighbouring schools reporting that they had met with senior managers at academies and none having used the academies' sports facilities.<sup>58</sup> Academies had given early priority to the internal performance of the academy before starting to make such links.<sup>59</sup>

29. One objective of the Academies programme is to increase the proportion of students who stay in education beyond the age of 16. The City Academy in Bristol is an example of an academy that is working with other providers and schools to introduce the new 14–19 specialised diplomas.<sup>60</sup> Forty-two of the first 46 academies have a sixth form, generally in response to views, for example of the sponsor, that having a sixth form helps raise students' aspirations to stay in education.<sup>61</sup> There is a risk however that a new sixth form could reduce the viability of existing sixth form providers in the area. North East Lincolnshire has three academies, all with sixth forms, in addition to the two existing post-16 providers; and the academies have plans to provide vocational sixth-form education opportunities to encourage pupils to stay on who might not otherwise have chosen to remain in education

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57 Qq 42–43; Ev 20

58 C&AG's Report, para 2.31

59 Q 41

60 Qq 41, 57

61 C&AG's Report, para 2.16; Q 56

after 16. The Department believes that the new academies will increase the staying on rate among students in the area, in part by expanding the choice available.<sup>62</sup>

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62 Qq 58-60

# Formal minutes

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**Wednesday 18 July 2007**

Members present:

Mr Edward Leigh, in the Chair

Mr Richard Bacon

Mr Philip Dunne

Mr David Curry

Dr John Pugh

Mr Ian Davidson

## **Draft Report**

Draft Report (The Academies Programme), proposed by the Chairman, brought up and read.

*Ordered*, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 29 read and agreed to.

Conclusions and recommendations read and agreed to.

Summary read and agreed to.

*Resolved*, That the Report be the Fifty-second Report of the Committee to the House.

*Ordered*, That the Chairman make the Report to the House.

*Ordered*, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

[Adjourned until Wednesday 10 October at 3.30 pm.]

## Witnesses

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**Monday 12 March 2007**

*Page*

**Mr David Bell**, Permanent Secretary, and **Mr Peter Houten**, Director of Academies and Capital, Department for Education and Skills.

Ev1

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Second Report	Improving literacy and numeracy in schools (Northern Ireland)	HC 108 (Cm 7035)
Third Report	Collections Management in the National Museums and Galleries of Northern Ireland	HC 109 (Cm 7035)
Fourth Report	Gas distribution networks: Ofgem's role in their sale, restructuring and future regulation	HC 110 (Cm 7019)
Fifth Report	Postcomm and the quality of mail services	HC 111 (Cm 7018)
Sixth Report	Gaining and retaining a job: the Department for Work and Pensions support for disabled people	HC 112 (Cm 7019)
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Eighth Report	Tackling Child Obesity—First Steps	HC 157 (Cm 7020)
Ninth Report	The Paddington Health Campus Scheme	HC 244 (Cm 7076)
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Eleventh Report	Supporting Small Business	HC 262 (Cm 7076)
Twelfth Report	Excess Votes 2005–06	HC 346
Thirteenth Report	Smarter Food Procurement in the Public Sector	HC 357 (Cm 7077)
Fourteenth Report	Ministry of Defence: Delivering digital tactical communications through the Bowman CIP Programme	HC 358 (Cm 7077)
Fifteenth Report	The termination of the PFI contract for the National Physical Laboratory	HC 359 (Cm 7077)
Sixteenth Report	The Provision of Out-of-Hours Care in England	HC 360 (Cm 7077)
Seventeenth Report	Financial Management of the NHS	HC 361 (Cm 7077)
Eighteenth Report	DFID: Working with Non-Governmental and other Civil Society Organisations to promote development	HC 64 (Cm 7077)
Nineteenth Report	A Foot on the Ladder: Low Cost Home Ownership Assistance	HC 134 (Cm 7077)
Twentieth Report	Department of Health: The National Programme for IT in the NHS	HC 390 (Cm 7152)
Twenty-first Report	Progress in Combat Identification	HC 486 (Cm 7151)
Twenty-second Report	Tax credits	HC 487 (Cm 7151)
Twenty-third Report	The office accommodation of the Department for Culture, Media and Sport and its sponsored bodies	HC 488 (Cm 7152)
Twenty-fourth Report	Ofwat: Meeting the demand for water	HC 286 (Cm 7151)
Twenty-fifth Report	Update on PFI debt refinancing and the PFI equity market	HC 158 (Cm 7152)
Twenty-sixth Report	Department for Work and Pensions: Progress in tackling pensioner poverty—encouraging take-up of entitlements	HC 169 (Cm 7152)
Twenty-seventh Report	Delivering successful IT-enabled business change	HC 113
Twenty-eighth Report	ASPIRE—the re-competition of outsourced IT services	HC 179
Twenty-ninth Report	Department of Health: Improving the use of temporary nursing staff in NHS acute and foundation trusts	HC 142
Thirtieth Report	The Modernisation of the West Coast Main Line	HC 189
Thirty-first Report	Central government's use of consultants	HC 309
Thirty-second Report	The right of access to open countryside	HC 91
Thirty-third Report	Assessing the value for money of OGCbuying.solutions	HC 275
Thirty-fourth Report	Recruitment and Retention in the Armed Forces	HC 43
Thirty-fifth Report	BBC outsourcing: the contract between the BBC and Siemens Business Service	HC 118
Thirty-sixth Report	Reserve Forces	HC 729

Thirty-seventh Report	Child Support Agency: Implementation of the Child Support Reforms	HC 812
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Fortieth Report	Dr Foster Intelligence: A joint venture between the Information Centre and Dr Foster LLP	HC 368
Forty-first Report	Improving procurement in further education colleges in England	HC 477
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Forty-seventh Report	Improving quality and safety—Progress in implementing clinical governance in primary care: Lessons for the new Primary Care Trusts	HC 302
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Fifty-second Report	The Academies Programme	HC 402

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# Oral evidence

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## Taken before the Committee of Public Accounts

on Wednesday 14 March 2007

Members present:

Mr Edward Leigh, in the Chair

Mr Richard Bacon  
Mr Ian Davidson  
Mr Sadiq Khan

Mr Austin Mitchell  
Dr John Pugh  
Mr Iain Wright

**Sir John Bourn KCB**, Comptroller and Auditor General and **Ms Angela Hands**, Director, National Audit Office, gave evidence.

**Ms Paula Diggle**, Treasury Officer of Accounts, HM Treasury, gave evidence.

### REPORT BY THE COMPTROLLER AND AUDITOR GENERAL

#### THE ACADEMIES PROGRAMME (HC254)

*Witnesses:* **Mr David Bell**, Permanent Secretary and **Mr Peter Houten**, Director of Academies and Capital, Department for Education and Skills, gave evidence.

**Q1 Chairman:** Good afternoon. Today we are considering the Comptroller and Auditor General's Report on *The Academies Programme* and we welcome back David Bell and Peter Houten from the Department for Education and Skills. Mr Bell, give me the list of similarities and dissimilarities between academies and grant maintained schools.

**Mr Bell:** In an academy you have the role of a sponsor who makes both a financial and wider contribution to the school. In most cases the academies are in new build. Thirdly, academies as part of the policy have been designed to provide education in a very different way to the predecessor schools usually in areas of significant social and educational disadvantage, whereas the grant maintained schools were more widely spread across the generality of schools. Of course there are some similarities to do with independence, the governing body being the employer and so on.

**Q2 Chairman:** The similarities being mainly that it is funded directly from your Department.

**Mr Bell:** It is. Of course the grant maintained schools had funding through a conduit called the Funding Agency for Schools.

**Q3 Chairman:** Academies get start up funds, do they not?

**Mr Bell:** Yes, they do.

**Q4 Chairman:** They get more than Fresh Start schools, do they not?

**Mr Bell:** Yes, they do. Academies often are, as I suggested, new build; Fresh Start schools tend to be more mixed. Many of the Fresh Start schools are of course primary schools as well. I think it is fair to say that the scale of change in an academy is even more substantial than it is in a Fresh Start school but both types of schools get additional funding to start up the costs of establishing a new institution.

**Q5 Chairman:** Are you to some extent insulating them from the Comprehensive Spending Review?

**Mr Bell:** Not at all.

**Q6 Chairman:** Obviously you are not entirely insulating them because they have to live within budgets which you set, but how do you meet the criticism that they are getting preferential treatment over ordinary comprehensive schools?

**Mr Bell:** In actual fact if you look at the on-going funding that is equivalent to local authority schools in the area. In other words, the funding of an academy is similar to the funding of a maintained school in the same area. It has been important, I think, as part of this programme to ensure that academies are not seen to have a huge funding advantage over maintained schools. The policy here is very clearly to tie the academies' funding to the funding of similar maintained schools in the local authority area.

**Q7 Chairman:** Let us look at the performance of these academies now and there are references in the Report, particular at figure 12 on page 22 and paragraphs 2.21 to 2.23 which are on pages 21 and 22. I should say in this context that we had a very satisfactory and enjoyable visit to the City of London Academy in Bermondsey and we were very impressed with the work done there by the principal of the Academy in what has been a difficult area educationally up to now. However, having said that, if you look at this Report you will see that seven out of the last eleven Ofsted inspections of academies assess their overall effectiveness as either satisfactory or inadequate; another academy is in special measures. Given all the political capital expended on academies, do you think that is a satisfactory situation?

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 Department for Education and Skills
 

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**Mr Bell:** The academies' educational performance needs to get better. It is not just me saying that; the academy principals are entirely seized of that. I think it is important, however, to recognise the very low base from which most of the academies have started. As the Report points out the early signs are encouraging in relation to the progress being made by academies and I think, as the academies establish a different kind of ethos with effective leadership and management and so on, we will over time see significant improvements. As the Report points out—and I think you will have seen the most up-to-date data relating to 2006—we are seeing a rate of improvement greater than in other schools. In relation to inspection you are correct that one school went into special measures and that school is making progress. It is not out of special measures yet. Another school was given a notice to improve by Ofsted and is making satisfactory progress. If we take those judgments I think we can see that in the main the schools are performing at a satisfactory level or better but the schools themselves would recognise that we must improve, get the basics right and ensure that most students achieve well.

**Q8 Chairman:** When we went to the City of London one area where they were not performing well was in maths and English. In fact, this is borne out in the Report at figure six and the recommendation made by the National Audit Office at (a) on page eight. Clearly there is a problem with maths and English which is way below the national average.<sup>1</sup> Surely something absolutely basic like that should concern you, should it not?

**Mr Bell:** It does concern me greatly and I know it concerns the academies because getting those basics right is the foundation of success elsewhere. I think it is important to stress, however, the support that the academies are getting from outside is highly focussed on improving the basics. For example, there is a lot of attention being given to those students who come in at Year 7—ie the beginning of secondary education—to catch up with literacy and numeracy. There are some very specific programmes that go beyond that. There is a particular programme called Read Write Inc which a lot of them are using. It is based on our experience of using that in the London Challenge. The attention of the academies themselves is very focussed on getting those basics right. I would make the point that the rate of improvement—I know it is certainly from a

low base—in English and maths at Key Stage 3 (most recently reported in terms of tests for 14 year olds) is greater than the improvement overall nationally. I think if we can continue and maintain those improvements we are likely to see more students do well at 16 and hopefully stay on beyond 16.

**Q9 Chairman:** You mention 16 but at paragraph 2.16 we learn that academy sixth forms have not performed well so far. In reading the Report it is clear that their sixth form performance is again way below the national average. I suppose you will give the same answer that they are starting from a low base, but you will begin to understand that some people might look at this with some cynicism because there is constantly the same answer about a low base. After all this is the whole point of academies to tackle the fact that they are coming from a low base. Why are you putting extra resources in wonderful new buildings, attracting superb staff, presumably—all the things that we saw at the City of London Academy—but then we read again about maths and English (which we have already asked you about) and now the performance of sixth forms is way below the national average. It is rather disturbing, is it not?

**Mr Bell:** I accept the point entirely but of course these academies have usually taken over providing education in areas where there have been generations of underachievement and failure. This is a very exciting and systematic programme designed to tackle those years of underachievement. I do not think that anyone ever promised that you would be able to turn that kind of underperformance round overnight. We certainly do not pretend that that is the case.

**Q10 Chairman:** I accept that. We just want a clear idea, a clear plan, a clear commitment by you of how you are going to start making a real difference.

**Mr Bell:** I think as I have suggested there is quite a lot of work going on in the 11 to 16 years. In relation to the 16-plus it is important to build on the lessons learned. One of the things that we have done with Ofsted is to try to extract the lessons we have learned from the inspections of the post-16 provision (the data you cited earlier) and I think we were seeing that some of the emerging good approaches that are in the 11 to 16 elements are not always there but need to be developed post-16, so there is a very rigorous approach to that. Again I think I just need to make the point, we are very concerned about that but even more concerned are the academy principals and the governing bodies and they are really focussed on getting this right. I think as the Report points out we are putting into place here the conditions for future improvement. We are also seeing some early signs of good progress being made by students. We are putting in place sixth forms and opportunities post-16 which have not often happened. I think those pre-conditions suggest that we are on target.

<sup>1</sup> *Correction:* The City of London Academy was inspected by Ofsted in October 2005. Ofsted found the Academy's effectiveness to be satisfactory overall, with leadership and management judged to be good.

As the Academy has a phased intake of pupils none have yet taken GCSEs. There is only one set of Key Stage 3 results, which are the 2006 results in which the Academy did better than average in two subjects and worse than average in one.

	Percentage of pupils achieving Level 5 or above	
	City of London Academy	National Average
English	79	73
Maths	72	77
Science	74	72

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**Department for Education and Skills**


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**Q11 Chairman:** You talk about generations of under achievers, you are surely not suggesting that they are concentrated entirely in London. If we look at figure four we will see that there are 40 planned academies in London. If we look over to Yorkshire and Humberside just above ten. Notwithstanding what Mr Mitchell told us about the concentration in his own constituency, I am not sure there are any in Lincolnshire. North West we see is on ten; North East appears to be about seven. You are surely not suggesting that these generations of underachievers are concentrated in London, are you?

**Mr Bell:** No, I am not. However, I think it is fair to say that there were particular problems in many secondary schools in London and there was an early commitment given by the Government to reach 60 academies in London. Therefore the initial focus was there. The other thing I should just say in passing is that quite a lot of the early interest from sponsors was concentrated in London. As we roll the programme out I think we will see a greater spread of academies. I think the other point to make about that, if I might, is that as the local authorities are increasingly thinking about how academies might play into the local pattern of provision, we are going to see more and more across the country. To give you a very specific example, the city of Manchester has now signed up for six academies in addition to the one that is already there and I think we might see more of that pattern emerging as local authorities plan in academies.

**Q12 Chairman:** My last question is really on that point. You have a target of 400 new academies; how are you now, after the initial blaze of interest, going to find enough sponsors and enough principals of calibre to take on this very difficult job?

**Mr Bell:** The news there is very encouraging because we are well on track towards the first target of the 200 sponsors coming forward. We are seeing increasingly multiple sponsors, in other words organisations that are keen to sponsor more than one academy. We are confident but not complacent that there are still many individuals and groups out there who want to make a contribution to maintained education in this innovative way so we are confident that we can meet our target for opening academies.

**Q13 Mr Khan:** Could I echo the words of the Chairman, how thoroughly enjoyable the visit to the Academy was, but also you can really get a sense of the excitement when you visit an academy. You talk about generations of underachievers but that was an example of children whose parents and grandparents who live locally who have not achieved their potential. One of the things that the principal made comment of was in the LEA of Southwark (which is where the school is) very shortly they will have a situation where four of their secondary schools are academies, four are church schools and there is one trust in the pipeline. In those circumstances what is the purpose of an LEA?

**Mr Bell:** The local authority still has in statute a number of functions which include ensuring that schools are of an appropriate standard, there is a sufficient number of school places provided for special educational needs and the like. Actually Southwark is quite a neat example of where we have tried to re-focus the role of the local authority. Rather than seeing the local authority as the traditional direct provider of schools, we are seeing the local authority move to more of a commissioning role where it tries to bring in diversity into schools and does not worry itself too much about direct control of those schools. I think in the example you cited (I cited Manchester and I can cite many other examples) the local authority is trying to put together quite an interesting configuration of schools first of all to ensure there are sufficient places for pupils but also to give choice to parents. I think the other thing, if I might say, Mr Khan, although that is happening it is important to note that the research that we have suggests that in terms of admissions academies are taking a higher proportion of pupils with free school meals, they are taking a higher proportion of pupils with special needs and they are taking a higher proportion of pupils who did not do quite as well at the end of primary school.

**Q14 Mr Khan:** I was going to ask you about that. I saw the National Foundation for Education Research which is what you allude to, the perception of the neighbouring schools quite clearly is the opposite.

**Mr Bell:** That is a very interesting point because that was a National Foundation for Education Research jointly badged with the Local Government Association. If I might say, I suspect the Local Government Association was a bit surprised by these results because I think, as you said, the popular perception was that somehow there was a creaming off effect. There are other impacts that you have when you have new schools coming into the area and you might wish to discuss those, but I think this really nails the point that somehow academies are only going to succeed by creaming off the best students. In many ways, to go back to the Chairman's line of questioning, it perhaps illustrates the point that if academies are beginning to succeed they really are succeeding with students who maybe perhaps have not had a good deal previously.

**Q15 Mr Khan:** The Academy we visited had a very fair—some would say egalitarian—admissions policy but it occurs to me that by definition, because these academies are in socially deprived areas you would expect to see those children who need the best schools with the best facilities with the best teachers receiving those. What guarantees are there when these schools open in deprived areas that they do not become magnets from further afield?

**Mr Bell:** The most important point to make about admissions is that academies of course are bound by the admissions code of practice which is designed to ensure we have that fair approach. I think the other point to make is the reality of what is happening.

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There was this perception that these might just become a magnet for children who might be bussed in from outside into these spanking new buildings, whose parents knew how to work the system. Again I think it is very encouraging that the data suggests that that is not happening. What it illustrates, I think, is not that the majority of parents are not interested in a decent education for their children; what it illustrates is that they probably did not have the option of a decent education. The reason why these academies are proving to be very popular is that in the eyes of many parents they are seen to be offering a high quality education that previously did not exist.

**Q16 Mr Khan:** How are you ensuring that the best practice from one academy is shared with other academies?

**Mr Bell:** The academy principals themselves have set up a rather lively network to share best practice. Each academy is assigned a school improvement partner and the engagement of the school improvement partner depends on the state of improvement of the academy. Again you get sharing of good practice there.

**Q17 Mr Khan:** If that is the case, Mr Bell, how is it that 17 of the 26 projects have overrun? Why have the lessons from earlier overruns not been used to minimise overruns in later projects?

**Mr Bell:** Are you talking about building overruns?

**Q18 Mr Khan:** Yes.

**Mr Bell:** I will come to that in a moment, if I might. I think the point is that we are finding that academies are sharing best practice. Your question about cost overruns is a question to go back to the Department and how that happened, but we have learned lessons.

**Q19 Mr Khan:** Let me give you an example. The principal of the school we visited said that what was pushed towards him was having light sensors in the building. He realised that was a barmy idea and they did not go down that route. He said his advice to other schools would be not to go down that route. How is that advice that he has, based upon his personal experience, going to be passed onto other academies? There is a second point as to how, once an academy is up and running, they are sharing best practice. Can you first deal with the capital point?

**Mr Bell:** The capital point is that we have what are called project leads in the Department who are responsible for a number of academies who in a sense oversee the programme and project development. Each academy has its own project manager and one of the things that we are doing—again very much based on lessons learned—is ensuring that we are drawing together what we are finding out. For example, the academy principal that you met who said what he thought would work best in his academy, we allow that kind of debate to go on in the academy as it is being designed. It is worth sharing, but it may not apply in another academy. I

think that part of our role as buildings and plans are emerging is to enable enough feedback from the academy sponsors, the governors, the principal and so on, at the same time as challenging that actually there are cost constraints, there are things we have to live with. I think the actual product, as the NAO Report highlights, is very different buildings but generally very impressive and very good for learning.

**Q20 Mr Khan:** Another point that concerned us was one of the frustrations that the principal had when it came to his ideas. In most academies they are issued with a family breakdown of their children and their families and in this particular school there were around 25% to 30% lone parent families. One of the things that this academy would like to have is, for example, social workers on site and additional help to parents. There may well be, for example, an academy or a school elsewhere in the UK who have piloted such a scheme but how would this principal know whether that is the case and he could copy the idea rather than starting from scratch?

**Mr Bell:** The principal of an academy school is in a sense no different from the principal or head teacher of another school. There are a variety of ways in which you can get that, for example the Specialist Schools and Academies Trust which plays an overarching role with specialist schools, secondary schools and academies is a very powerful mechanism for sharing that good practice. As I suggested, the academy principals themselves are sharing a lot of good ideas being in the vanguard of a different kind of school. That is happening and in actual fact I think the availability of information about what is working in particular schools is now quite substantial and I think it is possible for people to draw upon learning and experience from elsewhere. Academies, as well as learning lessons, are actually contributing to some of that development. We can cite examples of where particular academies are leading educational innovation and change. I think there is a lot of opportunity for academies to learn from each other and at the same time for academies to do some of the leading in terms of new practice.

**Q21 Mr Khan:** Two weeks ago we heard from the Permanent Secretary of DCMS expressing concern about the VAT concerns with the Olympics and I discovered that there are also VAT implications with academies. The Chancellor of the Exchequer is an extremely nice, charming, fantastically generous man and I do not understand why you do not go and see him and try to get this problem resolved. It seems to me that academies are looking for innovative ways to get around the VAT liability which occurs. What progress is being made on that front?

**Mr Bell:** Discussions continue with the Treasury and Revenue and Customs. Do not forget, this is not about preventing academies doing community activities on the charging element of that (it is 10% as you will understand). We are working away at that and we will see what happens.

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**Q22 Mr Khan:** Are you optimistic?

**Mr Bell:** I am by nature optimistic.

**Q23 Mr Khan:** Do you have a timescale when we can have you back here to give us some good news?

**Mr Bell:** I cannot commit on that I am afraid because I do not know.

**Q24 Chairman:** I was going to ask for a timescale.

**Mr Bell:** I am sorry, I do not know.

**Q25 Chairman:** It does seem pretty absurd to me. I do not understand what is going on frankly. Can you not give a commitment now?

**Mr Bell:** I cannot, I am afraid, give a commitment.

**Q26 Chairman:** Do you accept that it is a ridiculous situation.

**Mr Bell:** I accept there is a degree of frustration on the part of the academies, yes.

**Q27 Dr Pugh:** Who in the DfES is responsible for monitoring and reviewing academies' accounts?

**Mr Houten:** That is me and my team.

**Q28 Dr Pugh:** Do academies need to have to get approval before awarding a contract to a business owned by their sponsor?

**Mr Houten:** They do not have to get approval from us, no.

**Q29 Dr Pugh:** They do not have to get approval from the DfES and you have never challenged any decision? One thinks of the Grace Academy in Solihull, for example, you never challenged any decision where an academy has awarded a contract to its own sponsor.

**Mr Houten:** In the early days we used sponsors to help us develop the programme because of their expertise. Progressively now we have developed guidance to make sure we are on the right side of the procurement law in terms of what academies do and what they do not do. Academies have to observe that guidance; they are public companies.

**Q30 Dr Pugh:** There have never been any difficulties, there has never been a point when you have questioned a sponsor's right to award a contract via the academy to itself.

**Mr Houten:** There have been occasions when we have discussed that with academies and we have agreed whether it is right or not.

**Q31 Dr Pugh:** Do you sign off such agreements or do you just have an overview of them?

**Mr Houten:** If individual ones come to our attention we would consider them, but academies are both charities and private companies and therefore, through their accounts, they have to declare third party transactions. Their accounts are audited.

**Q32 Dr Pugh:** What would you say to an academy that chose to award a substantial contract say for something like administration to its sponsor and did not go through the normal tendering process? Would it just be a word of advice?

**Mr Houten:** Our expectation would be that of a normal tendering process.

**Q33 Dr Pugh:** Have you any power to prevent it?

**Mr Houten:** It is public procurement law that they would be breaking so the power is in the law.

**Q34 Dr Pugh:** Mr Bell, looking at the benefits academies have—£1.6 million start up, high capital investment, high revenue investment, smaller than average class sizes, spanking new schools and so on—it would be amazing if that did not have some effect.

**Mr Bell:** It would be amazing if it did not have an effect, yes.

**Q35 Dr Pugh:** Are you surprised that in a sense the Report is not a little bit better than it is because it looks as though Excellence in Cities has as good if not better effect. You are better than Fresh Start schools but they are to some extent the basket cases of education, but there is a problem with the sixth form and it is a fact that 36% of academies' teaching is regarded as good or outstanding which is lower than the national average. We also have the higher level of exclusions as well. If you put all those things together were you pleasantly surprised by the NAO Report?

**Mr Bell:** I accepted the NAO's judgment that the academies were on track to provide good value for money.

**Q36 Dr Pugh:** On track?

**Mr Bell:** That is what the Report says and I accept that judgment entirely for the reasons that we discussed earlier. I think it is fair to say that academies have a more finely honed response to particular difficulties. You cite the Excellence in Cities data which is fair but that covers a slightly broader range of schools usually in a sub-local authority area. The academies were targeted particularly on the institutions—the predecessor schools—that really had a long history of failure.

**Q37 Dr Pugh:** The Fresh Start schools which are favourably compared with had a long history of downright failure. Not all academy schools were based on previous schools that had a long history of failure; that is not accurate.

**Mr Bell:** The vast majority of the academy schools had performance that was poor. For example, if you take the threshold measure of the floor target, ie 25% of the students achieving five or more GCSEs, all academies have now exceeded that floor target. My memory is that 18% of the predecessor schools had not reached the full target. That is about as basic as it gets in terms of quality.

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**Q38 Dr Pugh:** Those are the facts. I think there is a fairly favourable gloss being put on the facts in the Report, but the Report was supposed to have been published by January but did not actually come out until March. Why was that? Was there a discussion between the NAO and the DfES and did the DfES actually challenge the NAO on some of its findings?

**Mr Bell:** I think it is fair to say that there always discussions for every NAO Report.

**Q39 Dr Pugh:** Three months of discussions?

**Mr Bell:** I have experienced discussions previously of course and I am under no illusions that the NAO will publish its findings and will stand by its judgments. I am absolutely clear that this is their independent judgment.

**Q40 Dr Pugh:** Nobody leapt on them from the DfES.

**Mr Bell:** It is not a question for me, but the DfES properly challenged and asked questions and sought clarification but we are under no illusions that this is the NAO's judgment.

**Q41 Dr Pugh:** One area where the jury is out at the moment is on meeting the target of improving surrounding schools within four years. There is little evidence of that, is there?

**Mr Bell:** There is not initially because I think it is fair to say that if you are setting up a brand new school your initial priority has to be sorting out your boundaries before you start to consider what is happening outside. The evidence suggests—as the Report highlights—that the initial work done has been with primary schools and I think that is sensible. There are specific examples, for example the Capital City Academy in Brent is leading major pathfinder projects on school sports; the City of Bristol Academy is leading a very interesting programme of 14 to 19 development.

**Q42 Dr Pugh:** You would agree that you simply cannot tell at this stage—possibly I would direct this question at the NAO as much as anything else—one thing that all LEAs are told is to rationalise the surplus place as it were to make best use of public money. Was it without the remit of this Report to look at the effect on surplus places in local authorities and the creation of academies and, if it was, why was it? Every audit report I have seen on LEA in the past has banged on and on about this all the time.

**Ms Hands:** The issue of surplus places was something that was looked at in each individual academy project.

**Q43 Dr Pugh:** What is it showing now? What are the results?

**Ms Hands:** It would generally not be the case that academies would be created in an area where there were a lot of surplus places.

**Q44 Dr Pugh:** Could you send us a note about that and statistics that actually bear that out? Performance monitoring: project managers by and

large, Mr Houten, I think were responsible for accommodating the bulk of the project seeing it through. In the NAO Report it says that there was no performance monitoring at the early stage. Why was that?

**Mr Houten:** I do not think it is fair to say that there was no performance monitoring because we would have regular discussions with the project managers on the progress of individual projects.

**Q45 Dr Pugh:** At 3.7 it says, “Previously there was no performance monitoring system for project managers”.

**Mr Houten:** I misunderstood your question; I thought you said the performance management of the delivery of the academies, but of the project managers themselves we did not in the early days set that up and that is one of the lessons we have learned.

**Q46 Dr Pugh:** Did you need to learn that lesson? It is a rather reckless way of conducting a public investment programme, if you do not mind me saying so. Why did you, a highly placed civil servant, need to learn that performance monitoring of project managers is a good thing?

**Mr Houten:** These project managers had a specific remit to deliver and in hindsight we should have built in some stronger controls to make sure they were delivering.

**Q47 Dr Pugh:** Could you possibly provide the Committee with a list of the project managers, who they were, particularly the unmonitored ones?<sup>2</sup> I assume it is a relatively limited list; we are talking about the same firms reappearing again and again under different guises. Mr Bell, one final question on something that really does puzzle me, at paragraph nine where the Report talks about academies and their intake it says, “On average, academies admit higher proportions of pupils eligible for free school meals, with special educational needs . . . than live in their immediate vicinity” which leaves me with the impression that academies are placed sometimes in quite pleasant areas but actually draw in from quite deprived areas. Then paragraph 11 says, “The Academies Programme aims to raise aspirations and attainment in deprived communities, and academies are located in places where they can serve these communities”. So academies are both in deprived areas and pulling in even more deprived children who are in deprived areas. I do not understand how those two bits of reporting can be remotely accurate.

**Mr Bell:** In a sense both can be true. You get movement of pupils and inevitably in an academy parents are attracted and want to go to the academy so there is some movement of pupils into the academies, but it is important to stress that all the data suggests that the vast majority of pupils who attend academies are actually attending from the local area. The other point to make in relation to the predecessor schools probably many of them would have attracted nobody from outside. It is a sign of

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the popularity of the academies that they are drawing in other students, but what they are not doing is somehow creaming off the very best from elsewhere.

**Q48 Dr Pugh:** If they are drawing in more deprived people than are existing currently in deprived areas, where on earth are they getting these people from? I think maybe they should be situated in the areas they draw in pupils from.

**Mr Bell:** The majority of the pupils are being drawn in from the local areas but there are other pupils who are from more deprived backgrounds who are coming to the academies and presumably their parents are choosing to send their children to the academies from outside the immediate area because they assume they will get a good education.

**Q49 Dr Pugh:** So they are positively selecting deprived pupils who may live in less deprived areas.

**Mr Bell:** They are not selecting at all because that would be inconsistent with the admissions code. What they are doing within admissions criteria is responding to the demand that they are getting. The majority of the demand comes from the local area but there are clearly students' families from outside with the characteristics that we have described who are coming in. I actually see that as a positive sign that these schools are popular.

**Q50 Mr Mitchell:** I am amazed at the impetuous enthusiasm behind this programme. It is the kind of impetuosity that governments only normally show when invading small countries. There would have been no better improvement expected under a kind of Hawthorne effect of change in this Report. You aim to enlarge the programme from 200 to 400 at what must be an enormous cost, why is there this rush to create academies before they have even proved themselves?

**Mr Bell:** I do not think there is impetuous enthusiasm. I think, however, it is a serious commitment to a systematic programme to try to tackle generations of educational under achievement.

**Q51 Mr Mitchell:** Can that not be done through ordinary schools?

**Mr Bell:** The reality is in many cases it has not been done. If you look at the academic performance of many of the predecessor schools these improvements have not come about. The development of academies is not an impetuous programme because at 200 you are certainly talking about less than 10%.

**Q52 Mr Mitchell:** What I wonder is where the drive comes from. Is it from despair in the Department that we are not going to be able to get anywhere with the existing state system with all its rigidities or is it a drive that is coming down from on high? Does it spring from within the Department or from ministers?

**Mr Bell:** In the end these are policies of ministers; these are ministerial decisions to promote particular policies. I think that what we have seen is the Department vigorously implementing this policy.

**Q53 Mr Mitchell:** Let me ask how is it promoted because I heard rumours that we would not have better schools for the future money that we now have—not before time—unless we had agreed to academies being included in the programme. Is that correct?

**Mr Bell:** To my understanding it is not, but as I suggested in answer to Mr Khan, there are rumours that tend to swirl around about the Academies programme. The proposition as I understand it in your area was one advanced by the local authority in terms of how it would factor academies into its schools.

**Q54 Mr Mitchell:** It would help them to get money for better schools.

**Mr Bell:** They believed—as many authorities believed—that it would help them to get better schools that would do a better job for the students that they are there to serve.

**Q55 Mr Mitchell:** So the driver came from the local authority and not from the Department. Let me move onto the sixth form because the Report has reservations on the sixth forms. I note that it says that the case for academies having sixth forms is sometimes less convincing. They do not all have sixth forms; 42 of the 46 have sixth forms. What decides that?

**Mr Bell:** There is a consultation process with the local Learning and Skills Council and the local authority. I can cite the example of Sunderland where they do not have sixth form provision because of a recent reorganisation in the area.

**Q56 Mr Mitchell:** Does the sponsor get to decide whether it has a sixth form? These sponsors often have very traditional views of education: school uniforms, discipline and all the rest of it. Sixth form is part of that, so does the impetus for sixth forms come from the sponsors?

**Mr Bell:** Often the sponsors are keen to see sixth form provision and in my view for very good reasons they are looking to see sixth form provision because actually for many of these schools we want to be creating a momentum for students to stay on.

**Q57 Mr Mitchell:** It could mean that they end up with very small sixth forms, certainly in the initial period, which provide less adequately for the varying needs of the kids who might go into the sixth form.

**Mr Bell:** That takes us into the wider question of the kind of arrangements you have to put in place—and increasingly all schools will have to put in place—to meet the demands of the new 14-plus curriculum. It is very clear that academies, as all other secondary schools, will be cooperating and collaborating. For example, one of the Pathfinder projects for the 14 to

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19 diplomas has been led by the City of Bristol Academy working with a whole range of other secondary schools in the area.

**Q58 Mr Mitchell:** I question even that because we have one of the most over-academied areas in the country with three which I think goes to show something about what the Department thinks about the level of education in North East Lincolnshire. All three are going to have sixth forms; 900 strong, all three, with 200 in the sixth form. You are going to have three academies with 600 places in sixth forms competing with a well established sixth form college which is very successful and with an institute which is also very successful in providing tertiary education at a time when the number of sixth formers is declining. Is that sensible?

**Mr Bell:** It is also a time when we are very keen to expand the number of students staying on into the sixth form. I accept the demographic argument, but the Government's policies are premised on the absolute need nationally and internationally to have more students staying on at 16 so having a wider range of provision seems to be important. The other thing I would say is if you look at what will become the predecessor schools of the academies in Grimsby there has been a relatively low staying on rate and therefore the assumption is that if we can build a better 11 to 16 experience for students you will have more of them wanting to stay on into the sixth form.

**Q59 Mr Mitchell:** Can you do that without damaging the existing, exciting sixth form provision at Franklyn College in particular?

**Mr Bell:** I do not think it is a case of there must be some winners and there must be some losers. If you are trying to expand the total number of students staying onto the sixth form you need to expand the total number of places and I actually believe very strongly you want to expand the choice available for students. For some students a more college based environment is more appropriate; for other students a more skill based environment is more appropriate. The reality is that in many predecessor schools there have not been many students staying on.

**Q60 Mr Mitchell:** You have admitted already that the sixth forms are less adequate, certainly less numerous, in the early years and you are asking those developing systems to drain pupils away who would otherwise go to the existing sixth form colleges.

**Mr Bell:** There are an awful lot of students, Mr Mitchell, who are not actually going into sixth form at all. The point is that it is not about saying let us just take the existing number of sixth form students and distribute them across a greater number of institutions; we are saying that we want to increase the total number of students and the reality is that for many of the students in the predecessor schools they would never have contemplated going into post-16 education. I think the data actually demonstrates that. This is about trying to create a

better pre-16 experience so that students will be encouraged to stay on. Some will stay on in the school; some will go elsewhere.

**Q61 Mr Mitchell:** I hope that is true. Let me move on to costs because there is no doubt academies are the spoilt darlings of the system. They have all the spends which are not paid off by the sponsors but by the Department. They have additional money which is £4000 per head for four years and they have the supervision and the oversight of a specially created section in the Department of Education which needs to be brought into the costing. How much better off are they financially than ordinary schools under the Better Schools programme?

**Mr Bell:** As the Report points out the average cost of an academy is £24 million and the estimated cost of a new secondary school under "Building Schools for the Future" is somewhere between £18 million and £22 million. The Report also points out however that you are not comparing like with like. Most academies are larger than the average secondary school; they often have building restrictions of where they are built and so on. The actual difference between the cost of an ordinary secondary school and an academy secondary school are not so substantial to suggest that somehow they have been given significant advantage.

**Q62 Mr Mitchell:** Of course there are more of them in London and the costs are higher in London.

**Mr Bell:** Indeed they are.

**Q63 Mr Mitchell:** Comparing costs in, say, North East Lincolnshire, the ratio might not be different and you are taking into account the cost of the special section of the Department of Education which deals with them and helps them and pushes them through hoops and indeed gives them more money. I was talking to Steve Chalk, who is a very nice man, and the education official dealing with the schools said, "Oh, I've got you the million quid you wanted to tarmac over the playground", just like that. An ordinary school would have gone through months or years to achieve that, but there it was. They do get a better deal. If you take all that into account, how much in North East Lincolnshire are they preferred financially to ordinary schools?

**Mr Bell:** As I said in answer to an earlier question, the on-going revenue funding of academies is directly comparable to the revenue funding of a secondary school in the same authority area. As far as the Department's role is concerned, I think it is a very significant achievement for the DfES to have up and running in four or five years 46 schools with 130 in planning, 200 by 2010. A lot of government departments are attacked for not getting things done; we are getting things done.

**Q64 Mr Mitchell:** Yes, I do accept that. Some of the sponsors have not coughed up I see from paragraphs 3.32 and 3.33; could you give us the names of those who have not coughed up? I think name and shame might be useful.

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**Mr Bell:** I can probably name and praise if I might, Mr Mitchell. Manchester Academy payments are fully up to date; Salford City Academy payments are fully up to date; Stockley Academy payments are fully up to date; the Academy at Peckham, payments are fully up to date. In actual fact we believe that the payments across the piece are fully up to date. We have not evidenced all of that because the data is still with the Academies Trusts, but all of the ones that were cited will be followed through, checked and that is the progress that I can report today.

**Q65 Mr Mitchell:** The heads are presumably paid more than normal heads. I noticed in North East Lincolnshire the head of Havelock was advertised as an academy principal even though the consultation had not taken place and even thought the existing school was considerably in debt and had not cleared its debts, the head was advertised at a considerably inflated salary compared to the head of a comprehensive which was advertised at the same time. Neither was filled, I might add, but does that leeway to pay more extend right down to the staff?

**Mr Bell:** As far as the leeway to pay the head teacher that is a leeway that is exercised by many secondary schools across the country, not just including academies.

**Q66 Mr Mitchell:** I think you will agree academies are paying more.

**Mr Bell:** They are paying more for principals and I think that is entirely reasonable and justifiable given the scale of the challenge of running an academy school, given the context that we have been discussing this afternoon.

**Q67 Mr Mitchell:** The challenges in starting any new school are the same, whether it is a state school or an academy school. It does not extend down to the staff; the staff are paid on the national scale.

**Mr Bell:** Yes, they are.<sup>3</sup>

**Q68 Chairman:** In an academy of 800 children compared to a comprehensive, what are they paid? Is there any ball park figure?

**Mr Bell:** I could not tell you off the top of my head. I can provide the Committee with a note of comparable salaries. I think it is fair to say that the academy governing bodies are pitching their salary levels higher but I think that it is entirely reasonable and it is the sort of local discretion that we are actually giving all secondary school governing bodies to determine what the going rate is for the job.<sup>4</sup>

**Q69 Chairman:** That is if the money is available, but is the point not that somehow these academies can afford to pick the best, but you say that is right and proper.

**Mr Bell:** I can also say that there are other maintained schools that are not academies—that many—that have hit the £100,000 mark. That is a decision for the school governing body and I think it is for the school governors to decide what is the appropriate going rate for the job.

**Q70 Mr Wright:** Ostensibly this is a very positive Report; you must be very pleased.

**Mr Bell:** I am not complacent.

**Q71 Mr Wright:** You must be pleased with some of the findings.

**Mr Bell:** I am pleased that the initial findings suggest that we are on track, but we are not complacent. There is an awful lot more to do.

**Q72 Mr Wright:** When you say “on track”, are we comparing like with like on a lot of this? I am bearing in mind, for example, page eight in the box where it says, “All pupils who have taken GCSEs in academies so far have spent time in other secondary schools, so the full impact of even the first academies will not be known for several years”. In terms of broad brush stuff, pupils in academies are doing better in terms of GCSEs than previous schools. How robust is that evidence, given that we are only told about 2005 and 2006?

**Mr Bell:** In some ways I think that box on page eight is extremely helpful because that is a value for money assessment and it is properly qualified in certain ways. Given the progress made we are on track to deliver value for money. As far as comparing like for like, that is an objective measure; that is based on the GCSE performance and the progress that students have made in the predecessor schools against the progress made by the students in the academies. Of course as you are hinting we have only seen the first cohort of students go through and take their GCSEs, perhaps the rounded judgment comes when you see a full cohort of students who come in at Year 7 and then go through to Year 11 and sit their GCSEs. I think this gives the assessment that at this point we are on track.

**Q73 Mr Wright:** Can I draw your attention to figure eight on page 18 when again you must be very pleased with that because it does look as though academies are doing well. However, the point about comparing like with like, are academies pushing all Year 11 pupils through GCSEs or is it a percentage? You mentioned the term in a different context about creaming off the top; are they creaming off the top so that the more able pupils are taking GCSEs and therefore are helping their figures?

**Mr Bell:** There is no evidence from the Ofsted inspection reports that we have seen to date that that is happening. In fact the counter argument to that is that there is evidence that the academies are trying innovative approaches to the curriculum to ensure that students who might not be best served by the traditional GCSE route are better served. I think it also explains why a number of academies are so keen to be in the vanguard of the 14 to 19 reform programme because they actually see that as an

<sup>3</sup> *Note by witness:* When making payments to staff, academies are not bound by the National Pay Agreement, although many use it.

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opportunity for more students to benefit from a slightly different kind of learning. If I could refer to your first comment, I am not pleased in the sense that I am absolutely pleased because, as the academy principals would point out and as the Report points out, even though progress is better we are starting from a low base so there is a huge amount still to do, but those early signs I think are encouraging.

**Q74 Mr Wright:** You mentioned in that answer a very interesting point about innovative ways. As part of this innovation are city academy principals not pushing pupils to do GCSEs and taking them on other routes, could you provide a note to the Committee as to what proportion of Year 11 students in these city academies actually sat GCSEs?

**Mr Bell:** I can certainly do that. Of course it will be a small sample given the number of academies we have in place where the students have passed through, but we will certainly provide a note.<sup>5</sup>

**Q75 Mr Wright:** I am concerned with like for like because my own patch is, I would think, a fantastic example of how to do things. Hartlepool is a very, very deprived area; there are appalling levels of deprivation. In the last decade we have doubled spending per pupil. In the last decade we have doubled attainment at GCSE. We have no academies at all. If the Labour Government's mantra of "education, education, education" has worked, it has worked in Hartlepool and we are seeing fantastic results. Again, we have had no city academies. Could that approach not have been tried elsewhere?

**Mr Bell:** There has been a huge assault on underperformance in the education system in the recent years and I think it is not about finding one single solution that applies in all areas and all places. I think what city academies have been designed to do is to tackle some of that most difficult end on the achievement spectrum and therefore I see this as one across a number of approaches that we can have to improving school performance. Many secondary schools, as you described in Hartlepool and elsewhere, have really ratcheted up their performance through things like special status; they have used that as a galvanising impact. They have had new approaches to the curriculum; they have used non-teaching staff like learner mentors and so on and so forth. Therefore I think nobody would decry those efforts. We are just talking about a particular number of schools that have needed something quite different and I think that is what the Academies programme is, an attempt to really deal with the hardest problems.

**Q76 Mr Wright:** Can I turn the question round and take you back to figure eight where in 2005/2006 the percentage point change for all secondary schools for five A to C GCSEs is 2.5; if you include English and maths it is 1.5. Given the Government's priority on education, given the enormous spend that has been put into education, those are extraordinarily

bad figures, are they not? Or should we take a wider context on education performance and include academies in that as well?

**Mr Bell:** We certainly do and academies of course are factored into the national tables of attainment so you can get that spread. The performance at GCSE generally across the system of course has improved substantially. We do know now with the English and maths indicator that is added where we have to account for the students who get five plus A to C plus English and maths that that is improving but there is more to do there. I think there have been tremendous improvements but I think academies and all schools would say there is a lot more to do to ensure that all students do the very best that they can.

**Q77 Mr Wright:** Against this theme of comparing like with like, can I draw your attention in the Report to two areas, paragraph 1.16 and paragraph 2.3? Paragraph 1.16 talks about most academies replacing predecessor schools and then there are the exceptions, and then, "city technology colleges, most of which are already achieving good academic results". Then 2.3 says, "For all our global analyses, we exclude the four academies that were created from city technology colleges". Again, how robust is the analysis of the comparative data when we do not seem to be comparing like with like and we are taking certain academies out of the Report?

**Ms Hands:** We specifically excluded those precisely because they do start from a very different base to the other academies and it was quite important therefore that we took them out of the analysis to get a really fair picture of those ones that are starting from a lower level. The city technology colleges have been going on for much longer and are starting from a higher level. It was actually to get better robustness that we took them out.

**Q78 Mr Wright:** Is the case not that if you take those people out who have been performing well anyway and we see the investment that has been put into city academies, those that have been starting at an appallingly low base would naturally show incredible results and I think it was Mr Khan who said that given that should we be seeing even better results from the city academies?

**Mr Bell:** It is not for me to agree or disagree with my colleagues in the NAO but I think it would have been a proper accusation of trying to hype up the figures within the academies if we included the CTCs which have been in existence for 15 years and which are doing very, very well. If you had said, "Here's how well all the academies are doing" and you had factored in CTCs then I think that would have been quite unfair. I think the CTCs are quite an interesting example because they have their problems. When they started there were all sorts of questions asked about them but they have really established themselves and they have made a very profound impact on improvements. So 15 years down the line, if we are on track, we would expect academies to be doing just as well.

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**Q79 Mr Wright:** In the Report it says that the admissions code is adhered to but academies are very popular and they are three times oversubscribed. If you have three applicants for every place there must be some element of selection used. What is carried out?

**Mr Bell:** I think it is important to say that they cannot involve themselves in any selection procedures or admission arrangements that are outside the standard admissions code. They have to be able to be consistent with the admissions code. Where they have oversubscription—which is what you are describing—they also have to publish their criteria for how they will decide who gets in and who does not. However, again they cannot make up their own rules; they have to be consistent with the admissions code of practice. I think we can say that there is no selection going on in academies. They have to publish their admissions criteria; all schools have to do that.

**Q80 Mr Wright:** I want to turn to cost now. Why is building these schools so expensive and why are you so bad at project managing them?

**Mr Bell:** On your first question I think I have said the average cost of the academy built to date is £24 million according to the Report. As I indicated, the cost of a secondary school is somewhere between £18 million and £22 million. The NAO Report says that we are not comparing like with like and I think there is a strong justification that that £2 million difference is not substantially different. In terms of cost control we have become much better at that and I accept the point of 9% average overrun. There are some very specific reasons for that but I think our project management arrangements are far more robust. You will see on page 23 of the Report a table put in by the NAO indicating the lessons that the DfES has learned in relation to project management.

**Q81 Mr Wright:** You say that lessons have been learned but paragraph 3.28 reads, “Particularly in the earlier projects, cost control was not sufficiently robust, with the Department only becoming aware of some cost overruns after it was too late to rectify them”. That is appalling, is it not?

**Mr Bell:** That is not good. Some of the project management arrangements meant that we were left very late in knowing and there was not a lot we could do about it. Having said that, that was not necessarily because costs had spiralled out of control for no good reason. In actual fact there were a number of very good reasons for cost overruns to do with, for example, failed planning permission (on our brownfield site it took longer to de-contaminate and longer time spent in temporary accommodation). It was not as if there were not good reasons for it but I think the point is well made that we did not have early enough warning and that is one of the things that was put into place to ensure that we have a much tighter discipline, to know what costs are going to overrun.

**Q82 Mr Wright:** One of the excuses that is given about poor cost control and budget management is that the Department has not built any schools for 30 years. This Committee this year looked at the use of consultants and I just wondered if it would have been value for money—quite prudent actually—for the Department to use consultants in this case to actually help project management because there seems to have been very poor project management.

**Mr Bell:** We did and we do use consultants. I think the issue is less did you use consultants or did you not use consultants, as how well did you get information about the progress of projects. I would just make the point again, the Department, from a standing start, has put into place up and running 46 academies and with the rest to come. There are lessons to learn in this project and we have learned those lessons, but I actually think it is important to stress the point that the vast majority of the cost overruns have not just been in a sense cavalier; they have happened for very good reasons. The question really for us is: did we know enough about them soon enough to be able to act and intervene and I accept that.

**Q83 Mr Davidson:** I wonder if I could start by quoting paragraph 2.13, “academies should add more value than schools in similar circumstances within two years of opening”. I want to explore this “in similar circumstances”. What we have here is schools in new buildings. Have you compared how much improvement there has been in the academies in other new build schools?

**Mr Bell:** The reality is that we are just in the early stages of the new builds.

**Q84 Mr Davidson:** Is that a no then?

**Mr Bell:** We do not have the information.

**Q85 Mr Davidson:** In terms of new heads, have you compared the academies with schools that have had new heads and new senior management teams?

**Mr Bell:** No, we have not seen the need to do that.

**Q86 Mr Davidson:** Can I ask whether or not you have compared the academies with schools that have had completely new staff?

**Mr Bell:** Only insofar as the Fresh Start schools because I think that is the only example that one can think of where you have such a substantial turnover of staff.

**Q87 Mr Davidson:** Picking up Mr Mitchell’s point about the Hawthorne effect, if you have schools here which have new buildings, new heads, completely new staff, then is it not inappropriate to compare them with schools that have none of those advantages? I remember when I was Chair of Education in Strathclyde and we had a substantial school closure programme against often bitter opposition, because people were in new buildings often with new heads, often with virtually new staff, there was invariably a considerable boost in performance. I am anxious that you are not making any similar comparisons of that sort here.

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**Mr Bell:** To some extent the NAO has made their value for money judgment taking account of all the factors around academies and I think that is about the best that we can do at this stage because we do not actually have such a large number of schools opening.

**Q88 Mr Davidson:** I accept it is the NAO's fault then. It is reasonable, is it not, for any of us to expect a school community which has had a tremendous amount of attention—new buildings, new staff, new head—to do better and if you are comparing with schools that have none of those advantages then you are not actually making a genuine comparison. I am not convinced that you are comparing like with like.

**Mr Bell:** I think I might be slightly cautious in assuming that they have a new building, they have a new head teacher and they have some new staff therefore it must be better. If our analysis of the predecessor schools is correct—and the data suggests it is—that these were schools that were significantly poorer, it actually has taken quite a bit, not withstanding new building and new staff to galvanise. I guess my only concern here would be that we underestimate the real job that it has taken to drive that kind of improvement.

**Q89 Mr Davidson:** If you have taken a school that was in a poor building, you have replaced the head teacher and you have completely new staff, then presumably that in itself is an enormous cultural change to the institution so that it is not even necessarily recognisable as the same institution.

**Mr Bell:** In many ways it is not but in the majority of cases you have many of the same students who have indeed achieved as well.

**Q90 Mr Davidson:** Yes, you have many of the same students but there are also a substantial number of additional students who have come to that school by choice rather than in many cases staying there out of lethargy. I think all the experience, certainly from my time in education, was that where you had pupils coming in who wanted to be in a particular school not only did they perform well but there tended to be a positive atmosphere. It is like the effect of adults in the school, youngsters see that there are big people who go there and they do not have to so there must be more to this than meets the eye. That has a cumulatively rising effect.

**Mr Bell:** I absolutely agree with you but surely that is what we want. We want those who attend school to be motivated.

**Q91 Mr Davidson:** I know that that is what we want, but in terms of whether or not the academies are adding more value than schools in similar circumstances, it seems to me there are no schools in similar circumstances and therefore it is very difficult to measure the value you are adding. In terms of preferential treatment it seems to me that the academies are getting preferential treatment. I look, for example, at paragraph 3.21 where it took the area benchmark for cost and area per pupil, increased it by 10% to give more space to pupils and

then academies were given a 5% uplift as well. You are giving these academies a 15% uplift in terms of space to pupils. In those circumstances you are almost bound to perform better. You have already indicated in response to previous questions that head teachers' salaries are higher. Can I just clarify one point about staff salaries? They are on the same scales, but I am right in thinking that academies would tend to be larger than the average English secondary?

**Mr Bell:** Up to now they have been larger.

**Q92 Mr Davidson:** Therefore, as I understand it, salaries will be related to pupil size at school, so the salaries would tend to be larger as well.

**Mr Bell:** Although they have the national benchmarks they have the freedom to pay the staff as they wish but that is for them to exercise.

**Q93 Mr Davidson:** Are the academies paying staff less than equivalent schools?

**Mr Bell:** Not that I am aware of.

**Q94 Mr Davidson:** They have this flexibility, but are they utilising it?

**Mr Bell:** I think they are utilising that flexibility.

**Q95 Mr Davidson:** In what direction are they utilising it?

**Mr Bell:** They will be paying some staff more to attract them but do not forget that as their revenue funding is actually tied once the start-up grants are finished, tied exactly to the funding of comparable schools in the local authority area, they have to make judgments as to whether to pay their staff more as against other schools.

**Q96 Mr Davidson:** I do not dispute that; I will come onto it in a moment if we have time. So we have better buildings, better criteria, we have higher paid heads, we have staff who are, I think it is fair to say, are not paid less and if anything they are paid more. Can I ask you about competition for posts? Is competition for posts in the academies greater or less than for posts outside?

**Mr Bell:** I do not know the answer to that because we do not manage staff selection.

**Q97 Mr Davidson:** It would be reasonable to assume, would it not, that working in an academy is more attractive than working in a school that has not been maintained for a long period of time with a head who has been there for three decades and the like.

**Mr Bell:** It is attractive, but do not forget that many academies also have staff transferred over from predecessor schools.

**Q98 Mr Davidson:** Are there any gaps in staff, subjects not covered in the academies?

**Mr Bell:** The Ofsted reports—that is where we would draw our evidence from—and the work done by our school improvement partners who monitor what is going on have not identified significant gaps.

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**Q99 Mr Davidson:** Are there any gaps in the rest of English education? Any gaps in any subject?

**Mr Bell:** Yes, there are subject gaps.

**Q100 Mr Davidson:** But not in the academies?

**Mr Bell:** Academies will have the same kinds of pressures in finding specialist teachers in science and elsewhere that other schools have. What the Ofsted reports highlight is that that has not had such a detrimental effect that it is really undermining the quality of education. That is the case in the vast majority of secondary schools in England. There are some schools that do find it difficult to get specialist teachers in particular areas.

**Q101 Mr Davidson:** All the IT in the academies is new, is it not, but that is not the case in the rest of English schools?

**Mr Bell:** It will be over a period of time.

**Q102 Mr Davidson:** Over the two years that the value added by the academies is to be measured that is not the case, is it?

**Mr Bell:** If I might say, there has been a huge investment in this country over the past 10 years in IT.

**Q103 Mr Davidson:** I am aware of that and I remind my electorate of it daily, but in terms of materials and all the accoutrements and so on in the academies that will all be new as well as distinct from other English schools.

**Mr Bell:** In new buildings, yes.

**Q104 Mr Davidson:** How are we meant to compare like with like, taking into account Mr Mitchell's Hawthorne effect?

**Mr Bell:** I think I am still back to my earlier point, Mr Davidson, that we are talking about students in areas where there has been a long history of educational underachievement and everything that we know about education tells us that it is not simply a case of the quality of buildings that you have, important though they are, and therefore it does seem to me that we should not underestimate the impact that has been had already in relation to student motivation, student attainment, and so on and so forth.

**Q105 Mr Davidson:** That is what I told people when I was shutting schools in Strathclyde, that it is not simply about the buildings and it is not just about the new head, there are other factors as well. You could perhaps have got the same impact just simply by building new schools and appointing new heads, and it is this whole baggage as it were that the academies have, and I am not convinced that adds much value at the moment and there is no evidence that it does from what we have adduced so far.

**Mr Bell:** As the Report points out, the process of getting into the new academy is not a sort of overnight process. Around half of the academies at the moment are working partly in older buildings of

predecessor schools before they move so you are getting an impact that goes beyond just the brand new building.

**Q106 Mr Davidson:** Just coming onto expulsions which are higher in the academies, to what extent is this social dumping? Are you measuring the extent to which the expulsions have a disproportionately large number of special needs or free school meals pupils? Are you measuring expulsions at all?

**Mr Bell:** Yes we are, and I can send the data to you.<sup>6</sup>

**Q107 Mr Davidson:** That would be helpful. I want to be convinced that there is no social dumping going on.

**Mr Bell:** You are getting initially in some places what you get often when you replace the head teacher not in an academy, a much stronger position taken in relation to pupil disruption. Our evidence seems to suggest that there are some examples of where you have had a slightly higher rate to begin with but within the second year it settles down. I can cite an academy where they permanently excluded around 30 students in the first year. That number was down to seven in the second year. Interestingly the 30 students that they excluded in the first year was lower than the predecessor school had had in previous years.

**Q108 Mr Davidson:** I do not want to focus on individual examples because that can distort the picture. Are you saying to us that what the NAO has said is perhaps slightly misleading because what they have identified is this initial phase of expulsions and therefore we can expect that for academies that have been open for say three years the pattern would be exactly the same as anywhere else.

**Mr Bell:** Yes, and the evidence as it is emerging suggests that it is now settling down in most academies to comparable rates to other secondary schools in the area.

**Q109 Mr Davidson:** Can you substantiate that?

**Mr Bell:** Yes, of course.

**Q110 Mr Davidson:** Can I come to this question of pupils? Would I be right in thinking that pupils in a school in an area of multiple deprivation—as many of these are—would be composed of two types of pupils: those who stayed with the old school often, as is indicated, out of lethargy; because their parents were not particular interested they just stayed there. There would then have been youngsters in that area whose parents were interested and even though they were not particular well off would have sent them somewhere else, but now that the new school is there they will be sending them back. You would be getting some poor pupils (poor in financial terms) coming back but they will be more highly motivated than the average and therefore simply to identify that the pupils are the same in terms of free school meals does not quite capture the changing nature of the pupil numbers.

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**Mr Bell:** I certainly agree with your first point which is that there will be students in the predecessor schools who have stayed. We are not seeing evidence of a wholesale return of students as it were because parents have to make a judgment about whether they wish to change schools and disrupt their education. I think what is more likely to happen as parents come to make a choice for secondary education for their children in the locality, where they might have chosen to go out of the locality they will stay in. I think some of the academy principals are already telling us that brothers and sisters are now coming to the academy whereas previously they may not have done.

**Q111 Mr Davidson:** That is confirming my point in a sense.

**Mr Bell:** Which is good in many ways.

**Q112 Mr Davidson:** Absolutely. In a sense it comes back to this point of comparing like with like. By definition because you are attracting children of parents who have been more interested in education you have changed the nature of the school population and therefore it is quite difficult to compare like with like and therefore you would expect, simply because of that process, that your statistics would improve. Therefore your value added ought to improve even more if the academy model is actually being a success.

**Mr Bell:** It is a slightly hard argument to get out of because in a sense the only way you can compare like for like is by doing nothing, as it were. We are actually trying to change the quality of education that is going on in these schools. I think the NAO Report is highlighting that you are seeing changes and what they are saying is that taking account of all of these factors in the round the academies are on track to achieve good value for money. It is good to read that at this point but it is not the final judgment.

**Q113 Mr Davidson:** I am not discussing the value for money issue; I am discussing the value added. The issue that always concerned me in Strathclyde was the fact of complacency in middle class schools because they would get good results, as they should have. I think your results are better than what went before but I am not convinced you should not be achieving better because of all the changes that you have made. My anxiety is that this is not succeeding as well as it should and that is why I am trying to prise open the door to let us see more meaningful comparisons because I think there is an element of complacency and self-justification about the whole academies project. If you pick an area of multiple deprivation and you do something new in it, you always get a positive response because people are so glad to have attention paid to them. The reality is that you ought, in my view, to be achieving better given all the advantages you have. You can understand my anxiety I am sure.

**Mr Bell:** I can understand your anxiety and I think if we think about some of the line of questioning earlier there was an absolute acknowledgement on our part and I said on behalf of the academy

principals that we need to do better in English and maths, we need to ensure the post-16 provision is there and I think this value for money box on page eight of the Report is in a sense trying to take all of that into account at this point and say that on the basis of that we are on track but there is more to do. This is still a relatively new programme. Just last September 46 academies were open and therefore it is important for all of us to reflect on what has gone well but also be very, very clear about what still needs to be done. I can assure you Mr Davidson and the rest of the Committee that we are not complacent and, much more importantly, neither are the people working in the academies.

**Q114 Mr Davidson:** The final point I want to make is about examination results and risk. I would want to see some evidence that the academies were presenting pupils who were on the margins of success. As you know people were getting the results they wanted by only putting forward those who were certain of passing in order to massage them upwards in percentage terms. Is there evidence or are you convinced that schools will be taking risks with pupils in pushing them forward even though they might end up only getting say one out of five? We would want to see that but it would perhaps give distorted figures of the examination results of the school as a whole.

**Mr Bell:** There is no evidence that that kind of pulling students out is happening. We can base that on the Ofsted inspections that have taken place so far. I think it is also fair to say if you look at the improving attainment that a wider group of students has been involved. I think the academies also recognise that they need to do more to ensure that students attain and I think that is why the academies are keen to get involved in some new curriculum developments because they see those are really powerful ways of helping students to do better.

**Q115 Chairman:** I think Mr Davidson has made an important point and I cannot get my mind behind this. The point I am making to you is that you are bound to get some improvement if you have a new build, new staff, new head and all the rest of it. Is it possible to have either from you or from the National Audit Office a note comparing ordinary comprehensives which have had new buildings, new heads and all the rest of it so we can get some idea of whether there is some truth in what Mr Davidson is putting to you, which seems to make eminent sense to me, that what improvements you have achieved you have simply achieved by the massive expense of new building (which may of course not be a bad thing).<sup>7</sup> Earlier on you were at pains to emphasise that these were not receiving favouritism, that they were different from grant maintained schools and all these sorts of things. I am not sure how you can have it both ways and I still cannot get my mind around these arguments.

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**Mr Bell:** I think I would like to come back to you with some thoughts on this. I think I would just make the point again that given the tradition of educational underperformance in these areas, this is not simply a matter of just having a nice new building and everything is well as a result of it.

**Q116 Chairman:** We are not suggesting that.

**Mr Bell:** The question then is whether the academies have added more value that might have happened in other circumstances.

**Q117 Chairman:** At the same time you tell me it is not new building but it is other things. We are trying to feel our way towards what is the point of this?

**Mr Bell:** I think the point of this is actually very clear. We are getting more students who are on track to do much better than they did if we had not acted by dealing with the predecessor schools.

**Q118 Chairman:** I may have asked you before, where did you go to school?

**Mr Bell:** I went to Knightswood Secondary School which was Glasgow's second comprehensive school.

**Q119 Chairman:** I know my colleagues will not join me in this but it does not matter, I hope they will forgive me asking it. There is a problem in helping people to climb out of the inner city ghetto. Forty years ago there were some people who climbed out by way of grammar schools, were there not?

**Mr Bell:** There were a lot of students who did well in the 11-plus system but I think it is also fair to say that there were many, many (the majority) of students who did not do quite as well.

**Q120 Chairman:** Academies can select specialists up to 10%, can they not?

**Mr Bell:** Consistent with other secondary schools, yes.

**Q121 Chairman:** On things like drama, business studies *et cetera*. I think the academy we went to they could select. I do not know how you can select on the basis of business acumen at the age of eleven. I have asked one question from the grammar school point of view, but if you were suspicious of this whole programme you might think that was a disguised way of academically selecting people.

**Mr Bell:** Secondary schools with specialisms have the opportunity to have 10% of students selected under the specialism. I think the argument there is that that is not a once and for all sweeping judgment about attainment across the round as perhaps the traditional system of selection would have been. This is trying to focus on a particular aptitude relating to the specialism in the school.

**Q122 Mr Mitchell:** Going back to the point about the Hawthorne effect, I think the objective of improving performance in areas of deprivation is admirable and I think with the Hawthorne effect that might well work. Certainly in the city academy we went to it did seem to be working but it was drawing from only a very tightly circumscribed area.

There is a problem in the sense that to sustain success academies might well opt for tactics of excluding more and the exclusion rate, though not large, is three to four times higher than in all schools so you are dumping the costs and the trouble back on the local authority and selecting some kind of ability grant which is still permitted. In other words, creaming off talent from schools round about. That is a big worry in a place like North East Lincolnshire. What is to stop them doing both those things?

**Mr Bell:** In relation to the admissions I have touched on the admissions policies of academies having to be consistent with the admissions code of practice which makes illegal those actions which might have been seen as backdoor selection. In relation to the exclusions under the funding agreement the Department has with the academy they also have to be acting in accordance with the secretary of state's guidance for schools on exclusions. The other thing I would say about that of course is that academies are also inspected by Ofsted and Ofsted looks at the range of measures and will make judgments where they consider there is a disproportionate number of exclusions. We have not in any sense given academies a free ride when it comes to the kinds of guidance that we give to other schools.

**Q123 Mr Mitchell:** In terms of selection, creaming off can be achieved in all kinds of covert ways. Any head who wants to improve his results and therefore make the school more attractive to parents from outside the area—these are big schools, 900 places with 200 places which may or may not be filled in the sixth form—what is he going to do to attract them?

**Mr Bell:** Through the admissions code of practice we have been able to deal with some of those practices that I think you are alluding to. The other thing to say is again based on the research done for the LGA and the National Foundation for Education Research, it is not the case that these schools are taking students who are doing better at primary school. You could easily say they are taking students with free school meals but these are students who are actually doing better at primary school and therefore have a better chance of succeeding. The evidence from that survey suggests that students who are not doing quite as well so some of these academies are not giving themselves an easy task and are not seeking an easy task to try to ensure that all of these students get a good education.

**Q124 Dr Pugh:** Is it possible to have a note on the number of occasions academies have actually awarded a contract to a business owned by the sponsor and the number of occasions on which the contract was awarded without first being put out to tender? It may be a very small problem; it may be a larger problem but a note would be useful.<sup>8</sup>

**Mr Bell:** We can provide a note on that. The information you have cited is in the public domain in relation to the publication of accounts. That is why all these stories came into the public domain

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because this data was in the public domain and, as Mr Houten said earlier, these accounts are audited by external auditors and the Charities Commission but we will certainly provide you with a note.

**Chairman:** Thank you. That concludes our hearing. Mr Bell and Mr Houten, thank you very much for your cooperation, we are very grateful.

<sup>8</sup> Ev 19–20

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**Letter from Permanent Secretary, DfES to the Clerk of the Committee**

In view of the publication of the 2006 Key Stage 3 results last week, I am sending a revised version of figure 9 on page 19 of the Report. This shows the Key Stage 3 results for Academies, Excellence in Cities schools with a high percentage of pupils eligible for free school meals, Fresh Start schools, and all secondary schools.

The figures in the table are produced on the same basis as in the NAO Report. In 2006, there were 21 Academies in the Key Stage 3 School Achievement and Attainment Tables. The results in the table are therefore not directly comparable with Figure 9 in the Report, which gives the performance for the 12 Academies with results in 2005.

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**REVISED FIGURE 9—KEY STAGE 3 RESULTS OF ACADEMIES AND OTHER SCHOOLS, 2006**


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	<i>Average point score per eligible pupil</i>	<i>Pupils achieving level 5 or above in English (%)</i>	<i>Pupils achieving level 5 or above in maths (%)</i>	<i>Pupils achieving level 5 or above in science (%)</i>
Academies (21)	32.0	59	63	55
Excellence in Cities schools with a high proportion of pupils on free school meals	32.3	60	66	57
Fresh Start schools	30.2	45	54	44
All secondary schools	35.2	74	78	73

*Note:* Results for academies based on the 21 academies with results for 2006.

*David Bell*

Permanent Secretary  
Department for Education and Skills

7 March 2007

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**Supplementary memorandum submitted by the Department for Education and Skills**

Question 47 (Dr John Pugh): *List of the project managers for the completed academies*

<i>Academy Name</i>	<i>Opened</i>	<i>Project Management Company</i>	<i>Design Team Company</i>	<i>Construction Project Management Company</i>
Greig City Academy	Sept 02	PWC	Curl la Tourelle	N/A
Unity City Academy	Sept 02	Sponsor	Halliday Clark	Turner & Townsend
The Business Academy	Sept 02	3Es	Foster and Partners	N/A
Djanogly City Academy	Sept 03	Gardiner & Theobald	Foster and Partners	Gardiner & Theobald
The City Academy Bristol	Sept 03	University of the West of England	Fielden Clegg Bradley	University of the West of England
The Kings Academy	Sept 03	Sponsor	Howarth Litchfield Partnership	N/A
The Academy at Peckham	Sept 03	Alligan	Curl La Tourelle	Davis Langdon
Capital City Academy	Sept 03	PPA	Foster and Partners	Clarson Goff
Manchester Academy	Sept 03	Alligan	Aedas	Townson Associates

<i>Academy Name</i>	<i>Opened</i>	<i>Project Management Company</i>	<i>Design Team Company</i>	<i>Construction Project Management Company</i>
City of London Southwark Academy	Sept 03	Sponsor	Studio E Architects	Sponsor
The Walsall City Academy	Sept 03	Sponsor	Barnsley Hewitt & Mallinson	N/A
The West London Academy	Sept 03	Sponsor	Fosters & Partners	GVA Second London Wall
Lambeth Academy	Sept 04	Alligan	Howarth Lichfield	Parker Browne
Mossbourne Community Academy	Sept 04	Cambridge Education	Richard Rogers Partnership	Osprey Mott Macdonald
Stockley Academy	Sept 04	Academy Principal	Aedas	N/A
London Academy	Sept 04	GVA Second London Wall	Foster and Partners	GVA Second London Wall
Northampton Academy	Sept 04	Alligan	Fielden Clegg Bradley	Townson Associates
Dixons City Academy	Sept 05	Sponsor	Dewjoc	Mott MacDonald
Haberdashers' Aske's Hatcham Academy	Sept 05	Alligan	Jestico and Whiles	Capita Symonds
The Academy of St Francis of Assisi	Sept 05	Cambridge Education	Capita Percy Thomas	CEA
Macmillan Academy	Sept 05	Sponsor	Halliday Clark	Turner & Townsend
Salford City Academy	Sept 05	Alligan	Aedas	Townson Associates
Trinity Academy	Sept 05	Sponsor	Howarth Litchfield Partnership	Howard Litchfield
Haberdashers' Knights Academy	Sept 05	Alligan	Jestico and Whiles	Capita Symonds
St Paul's Academy	Sept 05	Alligan	Jestico and Whiles	EC Harris
Harefield Academy	Sept 05	Cambridge Education	Design and Build Contractors	BDP/Clarus
Marlowe Academy	Sept 05	Capita, Davis Langdon	Building Design Partnership	Davis Langdon
Sandwell Academy	Sept 06	Sponsor	Barnsley Hewitt & Mallinson	Sponsor
David Young Community Academy	Sept 06	Nord Anglia/ Academy Trust	Bond Bryan Partnership	Capita
The Harris Bermondsey Academy	Sept 06	Tribal	McAslan	EC Harris
Westminster Academy	Sept 06	Tribal/Academy Trust	Building Design Partnership	Capita
Grace Academy, Solihull	Sept 06	Sponsor	Building Design Partnership	Buro Four
Walthamstow Academy	Sept 06	Alligan	Howarth Lichfield	Fund Monitor Appointed
Harris Academy Merton	Sept 06	Mouchel Parkman	Howarth Litchfield	EC Harris
St Mark's CofE	Sept 06	Nord Anglia	Penoyre & Prasad	Buro Four
Paddington Academy	Sept 06	Alligan	Fielden Clegg Bradley	CMPB
Sheffield Park	Sept 06	Alligan	Aedas	Townson Associates
Landau Forte College	Sept 06	Landau Forte College	Rothera Goodwin	N/A
The John Madejski Academy	Sept 06	Tribal	Wilkinson Eyre Associates	Buro Four
Gateway Academy	Sept 06	Nord Anglia	Navigant Consulting	Navigant Consulting
North Liverpool City Academy	Sept 06	Mouchel Parkman	WS Atkins	Turner & Townsend

<i>Academy Name</i>	<i>Opened</i>	<i>Project Management Company</i>	<i>Design Team Company</i>	<i>Construction Project Management Company</i>
Sheffield Springs	Sept 06	Alligan	Aedas	Townson Associates
The Petchey Academy	Sept 06	Mouchel Parkman	Aedas	Capita Symonds
Harris Girls Academy East Dulwich	Sept 06	Mouchel Parkman	Howarth Litchfield	EC Harris
The Burlington Danes Academy	Sept 06	Mouchel Parkman	Barnsley Hewitt & Mallinson	Capita Symonds
Barnsley Academy	Sept 06	Alligan	Howarth Lichfield Partnership	Townson Associates

“N/A” indicates the information is not applicable.

“Sponsor” indicates that the functions of the project management company were provided by the sponsor, or by firms/entities connected with the sponsor.

No project management company is unmonitored; there are a number of mechanisms in place to review their performance. These requirements are part of the framework contract which the Department has with a number of project management companies, and also apply to sponsors who opt to provide project management services. There are monthly commentary reports where feedback and performance is given and monitored. Termly reviews are held with each of the organisations and sponsors to review performance, and an escalation process is in place to deal with performance issues.

The Department is in the process of creating a new framework contract for project management companies. As part of this contract, key performance indicators will be agreed at the start of each Academy project, and these will be reviewed continuously throughout the course of the project and upon completion. There will also be quarterly “lessons learnt” panels with all organisations.

Question 68 (Mr Edward Leigh): *Salaries of heads for the open academies*

The DfES does not hold information on Academy Principals’ salaries, as these are matters for their Chairs of Governors to resolve as independent schools with their Principals. However, this data is in the public domain as part of Academies’ financial reports. In paragraph 3.42 of its report, NAO stated that:

“In 2004–05, the 13 academy principals for whom information was available earned salaries in the range £80,000 to £118,000. By comparison, the normal salary ranges for headteachers of similar-sized maintained schools in 2004–05 was between £62,000 and £88,000 in Inner London and between £57,000 and £82,000 outside London and its ‘Fringe Area’”.

In 2006–07 a maintained secondary school of 800 children would probably be classified as a Group 6 school. Its salary range would therefore be up to £85,000 in inner London, £83,000 in outer London and about £79,000 elsewhere. We are aware that salaries in Academies tend to be higher as they expect to recruit experienced Headteachers, and the challenges they can face are immense, including a history of failed attempts to raise standards.

Sometimes, Academy Principal salaries are identified in advertisements and in March 2007 there were two Academy Principal posts currently advertised with identified salaries. These were in Sheffield, which offered a salary of £80,000 and Darlington, which offered a salary “circa £85k”. These are probably at the lower end of the Academy salary range and many are likely to be receiving £15–20,000 above the Sheffield figure, including a performance-related pay arrangement.

Whatever salary is paid, Academies are funded on a directly comparable basis to maintained schools in their area.

Question 74 (Mr Iain Wright): *The proportion of Year 11 students who sat GCSEs*

National performance tables’ data is based on the proportion of pupils in the cohort who achieved particular results. Academies’ results, like those of all schools, reflect the achievement of all pupils at the end of Key Stage 4, and so results cannot be manipulated by not putting forward pupils for examinations.

In 2005–06, 97.3% of pupils at the end of Key Stage 4 were entered for at least one GCSE (not including equivalents). At Academies this percentage was 97.6%.

The percentage entered for five or more GCSEs (not including equivalents) at the end of Key Stage 4 was 85.2% at all schools and 70.3% at Academies.

The percentage of pupils entered for five or more GCSEs including equivalents at the end of Key Stage 4 was 93.5% for all schools and 89.7% for Academies.

Question 106 (Mr Ian Davidson): *Pupil expulsions*

The NAO reports that exclusions were higher in Academies than most schools in similar circumstances, but it also suggests this may be a consequence of a new behaviour policy being implemented in newly opened Academies. Early evidence gathered from school visits indicates that once new behaviour policies are implemented, exclusions reduce.

The Department takes this matter very seriously and monitors the incidence of exclusion by gender, ethnicity and whether students have special needs. It does not have this data analysed by free school meal entitlement.

The number of permanent exclusions derived from the annual School Census is shown below:

ACADEMIES—PERMANENT EXCLUSIONS OF PUPILS		
	2003–04	2004–05
Capital City Academy	4	11
City of London Academy (Southwark)	0	3
Dixons City Academy	0	#
Djanogly City Academy Nottingham	3	11
Haberdashers' Aske's Knights Academy	0	#
London Academy	#	0
Manchester Academy	3	0
Northampton Academy	9	9
Salford City Academy	0	6
Stockley Academy	3	4
The Academy at Peckham	5	10
The Business Academy Bexley	6	7
The City Academy Bristol	7	4
The King's Academy	27	7
Unity City Academy	8	6
Walsall Academy	#	0
West London Academy	8	22

# indicates fewer than 3 exclusions

The data show for 2005 that, of the students excluded across all 17 open Academies, six or fewer had statements of special educational need (a small proportion); 71 (three quarters) were boys; and the largest ethnic group was White British, accounting for 49 students (just over half the total number excluded).

Question 115 (Mr Edward Leigh): *The effect of new buildings on performance by pupils*

The Department has not previously held information on newly-built local authority schools but has recently asked all authorities to provide data on their schools' capital investment over recent years. When we have identified a suitable control group of non-Academy new schools, we will be able to carry out the comparative research that you suggest. We will provide this information to the Committee later this year.

The Department has started a major evaluation of the Building Schools for the Future programme, which will be carried out for us by PricewaterhouseCoopers. Over time this will provide a detailed evaluation of the impact of capital investment on pupil achievement. It will be able to evaluate the impact on schools of different categories and educational and social mix, and also to control for many of the factors that impact on school performance, such as changing head teachers.

Question 124 (Dr John Pugh): *The number of occasions Academies have awarded a contract to a business owned by the sponsor and the number of occasions on which the contract was awarded without first being put out to tender*

The Department does not hold or maintain a central record of numbers of contracts that have been awarded to a business owned by a sponsor of an Academy or of any contracts that have been awarded without first being put out to tender. This is because it is the responsibility of the Academy itself to comply with public procurement law and to tender for contracts where appropriate.

Due to the unique experience that Sponsors hold, sponsors were involved with the Department in the early development of the Academies programme. Detailed guidance was later produced to ensure that procurement regulations were adhered to.

The general requirements relating to the procurement of goods and services are set out in the Academies Financial Handbook, which the Department issues to all Academies. This includes the requirement to: ensure probity in procurement; demonstrate that all parties are dealt with on a fair and equitable basis; and, to ensure that there is no private gain. In particular, the Financial Handbook requires governors, including sponsor governors, to make formal declarations of their interests in external businesses and to withdraw from any discussions regarding potential contracting with such businesses. Academies are public bodies and therefore must observe this guidance. All accounts are published and available in the public domain and are audited by external auditors and the Charities Commission.

The Charity Commission approves the governing documents of all companies proposed to be registered charities prior to granting registration, to ensure that any provisions conferring authority on the charity to make a payment to one of the trustees—or a company associated with a trustee—deal with conflicts of interest in a transparent manner. The law precludes the payment of any charitable trustee—including the governors of an Academy, of which the sponsor is one—unless legal authority for that payment is given in the charity's governing documents, or otherwise granted by a court or the Charity Commission. Charity Law places an obligation on charitable trustees to act in the best interests of their respective charities, and contracting with a company in the knowledge that this might not be at the best terms available to the charity, would obviously be contrary to this obligation.

*David Bell*

Permanent Secretary

Department for Education and Skills

21 March 2007

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#### Supplementary memorandum submitted by the National Audit Office

Question 44 (Dr John Pugh): *Whether academies were created in areas where there were a lot of surplus school places?*

Local authorities are responsible for balancing the supply of school places in their area so that schools serve the needs of their communities in a way that is cost-effective. All authorities providing secondary education have some surplus places (where total capacity of its schools exceeds the total actual pupil numbers at the schools), because pupil numbers and distributions fluctuate year-on-year and some popular schools may expand. The creation of one or more academies in an area (together with the closure of any predecessor schools) is likely to have an effect on the number of surplus secondary school places. The effect can be direct, by altering the number of places (although it should be noted that the majority of academies replace an existing school), or indirect, by the academy being more or less attractive to parents who might otherwise send their children to schools in other areas or in the independent sector. It is therefore important that academy proposals take account of the surplus places in their area.

Local authorities monitor the number of surplus places in their area, and provide statistics each year to the Department for Education and Skills. In January 2006, 7% of the 3,485,000 secondary school places were surplus. This data includes sixth-form places in secondary schools, but does not include any places in academies, city technology colleges or further education colleges.

The proportions of surplus places vary widely between local authorities. Table 1 (Ev 21–23) shows that 34 local authorities had at least one academy by September 2006 and 116 did not have an academy. Sixteen of the authorities with an academy had a lower percentage of surplus places than the national average and the other 18 authorities had a higher percentage. On average, surplus places in authorities with academies represented 7.2% of their capacity, while surplus places in other authorities represented 7.0% of capacity. The figures should be viewed with caution because they include an unknown number of sixth form places, and because they may conceal surplus places or shortages within smaller areas, particularly within larger authorities.

When a new academy is first proposed, the Department requires the 'Expression of Interest' to provide an analysis of the impact of the proposed academy on the number of school places in the area. The National Audit Office examined the Expressions of Interest for the 17 academies that it selected for a visit and examination of the Department's files. In some of the cases we examined, the academies could be expected to reduce the number of surplus places. For example, Djanogly City Academy, Nottingham, replaced a city technology college and another secondary school, but the capacity of the academy was much less than the total capacity of its two predecessor schools. In other cases, it was less clear what effect the academy would have, because the impact on the number of pupils requiring places in the area was not known, for example because a relatively high number of children were attending schools in the independent sector or in neighbouring authorities. Where new academies are to be delivered alongside other new schools through the Building Schools for the Future programme, the process will provide an opportunity for planning of pupil places.

**Table 1****SECONDARY SURPLUS PLACES, 1 JANUARY 2006**

<i>Local authority (LA)</i>	<i>Number of places</i>	<i>Surplus places<sup>1</sup> as a percentage of total places</i>	<i>Number of schools maintained by the LA</i>	<i>LA had one or more academies as at September 2006?</i>
Barking & Dagenham	12,601	3.0	9	No
Barnet	18,806	5.9	19	Yes
Barnsley	14,463	6.1	14	Yes
Bath & NorthEast Somerset	13,460	7.0	13	No
Bedfordshire	39,744	7.2	57	No
Bexley	19,626	7.9	16	Yes
Birmingham	70,726	3.9	76	No
Blackburn	9,763	4.7	10	No
Blackpool	8,838	4.7	8	No
Bolton	19,085	2.7	16	No
Bournemouth	10,221	5.8	10	No
Bracknell Forest	6,875	11.4	6	No
Bradford	36,588	7.3	28	Yes
Brent	17,119	7.2	13	Yes
Brighton & Hove	12,402	4.9	9	No
Bristol	17,406	12.9	16	Yes
Bromley	22,457	4.4	18	No
Buckinghamshire	35,003	3.1	15	No
Bury	12,034	3.6	14	No
Calderdale	15,978	5.5	15	No
Cambridgeshire	35,268	7.8	31	No
Camden	9,256	1.7	9	No
Cheshire	49,095	6.7	44	No
Cornwall	34,770	5.6	31	No
Corporation of London	0	0.0	0	No
Coventry	22,396	7.2	19	No
Croydon	20,603	11.1	21	No
Cumbria	37,442	6.6	42	No
Darlington	6,659	6.2	7	No
Derby City of	16,135	5.2	13	Yes
Derbyshire	50,550	5.0	47	No
Devon	44,226	3.9	37	No
Doncaster	22,284	8.8	16	Yes
Dorset	32,936	9.3	34	No
Dudley	20,974	3.4	22	No
Durham	35,925	11.1	36	No
Ealing	15,442	3.3	12	Yes
East Riding of Yorkshire	24,601	5.3	18	No
East Sussex	30,014	6.3	27	No
Enfield	22,296	2.2	17	No
Essex	95,827	6.4	80	No
Gateshead	12,860	8.4	10	No
Gloucestershire	42,464	5.6	42	No
Greenwich	15,727	9.9	13	Yes
Hackney	8,085	13.7	9	Yes
Halton	8,715	8.1	8	No
Hammersmith & Fulham	7,535	18.1	9	Yes
Hampshire	77,490	6.8	71	No
Haringey	11,535	2.6	10	Yes
Harrow	9,313	3.0	10	No
Hartlepool	6,788	4.7	6	No
Havering	16,853	4.9	18	No
Herefordshire	10,754	4.8	14	No
Hertfordshire	87,498	8.6	82	No
Hillingdon	17,370	4.6	15	Yes
Hounslow	17,232	4.9	14	No
Isle of Wight	13,714	11.4	21	No
Isles of Scilly	0	0.0	0	No
Islington	8,719	8.1	9	No

<i>Local authority (LA)</i>	<i>Number of places</i>	<i>Surplus places<sup>1</sup> as a percentage of total places</i>	<i>Number of schools maintained by the LA</i>	<i>LA had one or more academies as at September 2006?</i>
Kensington & Chelsea	3,665	5.4	4	No
Kent	103,972	6.9	103	Yes
Kingston upon Hull, City of	17,127	8.5	15	No
Kingston upon Thames	9,653	5.4	10	No
Kirklees	28,739	8.4	32	No
Knowsley	11,566	18.2	11	No
Lambeth	7,792	3.8	10	Yes
Lancashire	79,379	7.4	88	No
Leeds	49,116	5.2	40	Yes
Leicester City	18,946	6.4	16	No
Leicestershire	47,490	4.9	54	No
Lewisham	11,550	10.2	12	Yes
Lincolnshire	50,217	5.2	63	No
Liverpool	35,192	10.0	31	Yes
Luton	13,017	5.6	12	No
Manchester	25,040	7.6	22	Yes
Medway Towns	22,350	8.7	19	No
Merton	10,126	16.6	8	Yes
Middlesbrough	6,186	9.7	6	Yes
Milton Keynes	16,373	10.6	12	No
Newcastle Upon Tyne	18,127	7.8	14	No
Newham	19,928	10.0	15	No
Norfolk	50,112	7.8	52	No
North East Lincolnshire	12,745	13.9	12	No
North Lincolnshire	11,718	8.4	14	No
North Somerset	12,210	2.2	10	No
North Tyneside	14,414	7.5	15	No
North Yorkshire	44,183	7.4	47	No
Northamptonshire	45,866	4.9	40	Yes
Northumberland	31,779	8.0	60	No
Nottingham City of	15,664	14.2	17	Yes
Nottinghamshire	58,227	7.2	47	No
Oldham	17,460	6.0	15	No
Oxfordshire	42,070	10.8	34	No
Peterborough	15,313	14.4	14	No
Plymouth City of	18,662	3.2	17	No
Poole	8,523	2.9	9	No
Portsmouth	10,880	10.1	10	No
Reading	7,005	15.2	7	Yes
Redbridge	20,703	3.6	17	No
Redcar & Cleveland	10,479	4.9	11	No
Richmond upon Thames	7,922	9.8	8	No
Rochdale	15,518	9.1	14	No
Rotherham	21,194	5.2	16	No
Rutland	2,674	10.0	3	No
Salford	13,106	12.0	14	Yes
Sandwell	21,160	7.3	18	Yes
Sefton	21,907	7.7	22	No
Sheffield	30,714	2.7	27	Yes
Shropshire	18,766	5.1	22	No
Slough	9,096	4.0	11	No
Solihull	16,047	4.8	13	Yes
Somerset	33,522	2.9	39	No
South Gloucestershire	19,893	14.1	15	No
South Tyneside	11,039	11.8	10	No
Southampton	13,860	16.9	14	No
Southend	13,188	4.6	12	No
Southwark	10,157	2.0	12	Yes
St Helens	11,875	3.4	11	No
Staffordshire	61,092	4.9	68	No
Stockport	17,046	5.1	14	No
Stockton on Tees	13,603	7.8	13	No

<i>Local authority (LA)</i>	<i>Number of places</i>	<i>Surplus places<sup>1</sup> as a percentage of total places</i>	<i>Number of schools maintained by the LA</i>	<i>LA had one or more academies as at September 2006?</i>
Stoke on Trent	15,355	7.0	17	No
Suffolk	60,095	10.1	78	No
Sunderland	22,157	14.2	18	No
Surrey	61,720	5.8	53	No
Sutton	16,750	4.7	14	No
Swindon	12,528	7.7	10	No
Tameside	15,929	5.3	18	No
The Wrekin	11,455	9.6	15	No
Thurrock	9,049	4.6	10	Yes
Torbay	10,286	11.1	8	No
Tower Hamlets	15,122	6.0	15	No
Trafford	17,575	8.0	18	No
Wakefield	22,378	3.7	18	No
Walsall	22,121	5.4	19	Yes
Waltham Forest	14,817	6.7	17	Yes
Wandsworth	11,231	8.7	10	No
Warrington	14,496	4.5	12	No
Warwickshire	36,412	7.7	37	No
West Berkshire	12,493	3.5	10	No
West Sussex	49,077	7.9	40	No
Westminster	8,522	7.3	8	Yes
Wigan	22,289	7.9	21	No
Wiltshire	32,398	9.8	29	No
Windsor & Maidenhead	10,951	6.9	13	No
Wirral	26,637	9.7	22	No
Wokingham	10,953	5.4	9	No
Wolverhampton	19,060	11.7	18	No
Worcestershire	43,308	7.0	57	No
York	10,230	8.0	11	No
<b>Total</b>	<b>3,484,883</b>	<b>7.0</b>	<b>3,352</b>	

Source: Department for Education and Skills, National Audit Office.

Notes:

1. Actual surplus is defined as the difference between capacity and number on roll for all schools where capacity exceeds number on roll.
2. City technology colleges and academies are excluded from the data in the table.
3. Data include sixth-form places in schools maintained by the local authority.