



Education Committee

Oral evidence: [Academies and free schools](#), HC 981 Wednesday 5 February 2014

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Written evidence from witnesses:

- [Department for Education](#)

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Members present: Mr Graham Stuart (Chair); Neil Carmichael; Alex Cunningham; Bill Esterson; Pat Glass; Ian Mearns; Mr Dominic Raab; Mr David Ward; Craig Whittaker

Questions 1–177

Witnesses: **Andrew McCully**, Director General for Infrastructure and Funding, Department for Education, **Dominic Herrington**, Director of Academies Group, DfE, **Mela Watts**, Director of Free Schools Group, DfE, and **Sue Baldwin**, Director of Academies and Maintained Schools Group, EFA, DfE

Q1 Chair: Good morning. Welcome to this session of the Education Committee looking at academies and free schools. Thank you very much for joining us today to cast light on this issue, and ensure that we can have a greater public understanding of the processes and systems that underlie this radical educational reform. Perhaps I could start with you, Andrew. When the Department puts out information on academies and free schools, does it always attempt to give a fully rounded picture? It seems to some that we heard from as though the Department is so committed to the process that it gives what almost sounds more like a sales brochure than an objective assessment of the policy and all its ups and downs.

Andrew McCully: Thank you, Mr Chairman. May I just say what a pleasure it is to be here? I hope that the conversation we had when you were able to come to the Department a few weeks ago is one that we can continue. You did not have the opportunity to meet my colleagues when you were there, but I have real expertise beside me from each part of the academies and free schools movement.

We are passionate in the Department about free schools and academies, because of what the evidence tells us. The evidence is very strong, as we set out in the written evidence that we gave the Committee. However, at the same time, we publish a great deal of information about academies and free schools, about the sponsors that we work with, and about the finances of free schools. There is a great deal of information. I hope that today

offers the opportunity to continue to improve the understanding of academies and free schools, and guide people through the information that is out there in the public domain.

Q2 Chair: Do you think that it really does offer a rounded picture? Is the fullest disclosure your fundamental principle when you are putting out information about academies and free schools, notwithstanding the passion with which the Department is pursuing the policy?

Andrew McCully: Certainly, the key information about performance, the finances of academies and free schools, and the sponsors we work with is all published. Of course, inevitably, in this Committee and in others there have been discussions about the public interest tests we sometimes apply in terms of some of the information that is difficult for us to give out. However, I think the extent of the transparency is growing all the time in terms of the academies and free schools movement.

Q3 Chair: I want to just ask you about converter academies, if I may. If you take the Labour academies programme, it was basically centred on failing schools. We then heard that those schools, the original sponsored academies, were showing a faster rate of progress than other schools. However, if you take a group of schools that are way out from the mean in underperformance, they are pretty likely to regress to the mean no matter what you do. Likewise with the converter academies, you are taking good and outstanding schools. There would be an expectation that they would perhaps start to regress to the mean as well. Has that happened? Is there evidence that the conversion to academy status is actually providing a greater likelihood of schools remaining good or outstanding?

Andrew McCully: I am not quite sure that I agree with the interpretation of, for instance, sponsored academies converting to the mean. One of the most powerful bits of evidence that gives us huge passion for the programme is the fact that the longer sponsored academies are in operation, the more standards improve. That is not just from their original position; the Department has published information to compare sponsored academies, for instance, with other maintained schools of a similar nature. In that comparison, sponsored academies—especially those that have developed their provision and have been open for more than three years—are ahead of those schools in a similar position.

Q4 Chair: How much more ahead of those comparable schools?

Andrew McCully: Significantly ahead. Dominic may have the detailed figures and, if not, they were in the evidence that we provided to the Committee. We can certainly expand on that, if that would be helpful. They are significantly ahead. Obviously, we have a shorter history of converters. It is the significance of the base that sponsored academies have built, and the standards that they can prove over time, which gives us the confidence about the impact of the programme.

Q5 Chair: They will regress to the mean, because things do, but if they move there more than comparable schools, there will be a suggestion that being a sponsored academy is a good thing. However, the acceleration could be over-interpreted, compared with schools in general, when they are going to regress to the mean. Likewise, in a way, under this

Government you have got good and outstanding schools; some of them are going to regress to the mean and you could over-interpret that as well if you did not make sure you were comparing comparable schools.

Dominic Herrington: We have looked at the converter academies, taking into account your point of most of them being good or outstanding schools. We have looked at their inspection performance before they became an academy and since they became an academy. We published this last month, and it was really interesting, because it showed that those schools, as academies, had a much better chance of either retaining a good or outstanding judgment or, if they had come in at a lower grade for some reason, improving.

Q6 Chair: Have you got those figures to hand? I know it is in your submission.

Dominic Herrington: Yes. I have the figures. For primary schools, 33% of academies were more likely to retain their outstanding judgment, as against 25% of all local authority-maintained schools. For primary schools, 27% of academies were more likely to go from good to outstanding, as opposed to 12% of local authority schools. For those that were satisfactory, 71% of primaries as academies had improved versus 58% of local authority schools. So, I think it is quite early to say, but as to a judgment of how the converter programme is going, the inspection evidence we have published is promising and encouraging.

Q7 Chair: It is. Have you been able to distinguish between those schools? For instance, I think out of the current academies, around 2,000 are not part of a multi-academy trust or an umbrella trust. They are stand-alone. As I understand it, the government view of how to have a self-improving system does rely on greater collaboration and partnership. Insofar as it is possible to do so—and I know it is early days—if you break down those schools between those that are involved in partnerships, trusts, or whatever, and those that are not, is there any difference in performance?

Dominic Herrington: We do not have that data breakdown, but by definition the sponsored academies will be in multi-academy trusts. That is our policy position. The data are encouraging, because sponsored academies are improving faster than maintained schools. However, I do not have information on whether the converter is in a multi-academy trust or an umbrella trust, versus a single school.

Q8 Chair: I just picked on that particularly because, primaries being smaller, they are more vulnerable, and more vulnerable to a change of head and chair of governors. As stand-alones, the worry would be that they are more fragile generally. I wonder whether we have got any insight as to whether there is any sign that that fragility does make them less likely to succeed than ones that are supported as part of a trust.

Andrew McCully: I agree with you that, as a policy position, primary schools converting as part of a wider group—especially with a strong governance arrangement in a multi-academy trust or within an umbrella trust—is a model that we know works and gives schools confidence. In terms of the conversations we have with schools, and indeed with some of the help in converting, we try to promote that as an objective.

Q9 Chair: Are you disappointed that so many schools are not part of formal partnership agreements?

Dominic Herrington: No.

Chair: No?

Dominic Herrington: No, because I think there is a place for an outstanding stand-alone school to become an academy. What we have seen, as you are suggesting, is that now 48% of all academies are in some form of group. If you look at the number of schools that have applied to be academies over the last year, the majority are applying in groups now. That is happening through the system, and certainly that is a message that is going around the primary sector at some of the events that are run for primary schools that are thinking about becoming academies.

We also provide a £50,000 one-off grant as a small incentive for primary schools that want to convert in a group. That is there to help that group of primary schools collaborate, come together, and build common systems around school improvement and their operational processes. So, it is happening through the system anyway. If we look at what conversion looked like two years ago to now, in the early days conversion was very much stand-alone single secondary schools converting. Now it is far more likely to be in groups involving primaries, primaries and secondaries, and special schools coming in with groups as well. There is a much more diverse system emerging.

Q10 Chair: You said that the ones coming forward now are much more likely to be coming forward in a group. What about the stand-alone schools that are already converted? Are there signs that they are moving towards joining collaborations?

Dominic Herrington: Yes—or leading the collaboration. A really interesting thing that has happened in academies over the last year is that the fastest growing type of academy sponsor is a school. I think we have put in our evidence that now we have 557 academy sponsors. The majority of those are schools—outstanding converters sponsoring other schools. That is the area that is growing the fastest. Often what we are seeing is that those early stand-alone single converters are becoming the sponsors of other schools. I was in one the other week in Solihull where an outstanding converter is now the sponsor of three or four local schools.

Q11 Mr Ward: Have you analysed what the magic dust is that is sprinkled on these schools through academisation? We understand that many of the schools that become academies have actually not used many of the freedoms that they are entitled to use. I do not think I have known a single IEB that did not result, over a period of time, in significant improvement in a school coming from a failing position. We know why in terms of leadership, strengthening the governing body, and maybe some additional resources going on. Have you analysed what it is that makes these improvements?

Dominic Herrington: We start with what have been the drivers of school improvement, looking at a whole range of international evidence. That international evidence, mainly co-ordinated through the OECD, tends to point to three things. One is a sense of autonomy, leadership, ethos and freedom. The second is a strong accountability system. The third is the quality of teaching.

Q12 Mr Ward: You have got a large group now to analyse, so what has happened? Is it these soft things about ethos and culture?

Dominic Herrington: The evidence that we have studied is through a range of external studies from the National Audit Office, the London School of Economics, and the Academies Commission, and the data from our conversations with sponsors. One of the key things about it is an opportunity to build change, to create a new ethos, direction, momentum and capacity in a school, and to give that school the freedom to work with other schools in a collaborative way. It is also about allowing it the opportunity to offer curricular change, to use its resources in a way that suits the school in the best possible manner, and to explore collaboration in a different way. There are a number of structural features that come from the academy model. That is very powerful.

Schools tell us that for them, in many cases, this has allowed a complete step change in their performance, their attitude and their governance. We do study it. We look at all the external studies of our work. Obviously, there is rightly a lot of scrutiny on what we do in academies, and we are looking at the data constantly. Those are the themes I would pick out.

Andrew McCully: Just to emphasise Dominic's last point there, when the independent Academies Commission looked at this, it interviewed a lot of academy heads to try to get at your question. The big theme that came back—and we quoted this in the report—was the sense of responsibility and the ethos of being responsible for your own destiny. Many heads found it quite difficult to define that, but it gave them the confidence to make the sort of improvements that they always wanted to make and use the flexibilities that they had. As you say, it is not always the case that academies change, for instance, the conditions in the work force, or necessarily change the school day, although many are. It is that sense of being responsible for the standards and the future of the school that is the really strong guiding influence.

Q13 Bill Esterson: The other aspect a number of schools have mentioned is money. If you talk to the headteachers of the academies in my constituency, most of them said at the time that the reason they converted was because they felt they could not afford not to, because they would get more money if they converted. The other point that has been put to me is that the academies under the last Government got a lot of money invested, often with brand-new facilities. Would just having the money have made the difference without the changes to academy status?

Andrew McCully: I do not think it would. To go back to my earlier point, when we talked to academy heads and sponsors, it is much more the freedoms they have that are important to their ethos.

Q14 Bill Esterson: Even though they are not necessarily using them or taking advantage of them.

Andrew McCully: To repeat the point that I made to Mr Ward, it is the confidence of their futures being in their own hands that is the most important thing that guides a lot of the principles and the ways of working in the school; however, pay conditions or the school day, for instance, are not necessarily the first things they change, even though there are substantive flexibilities there. You are right that the amount of financial support around

the point of change has substantially reduced from the early days of the academies movement. All our analysis, and all the current work responses, suggests that they are still maintaining the same sorts of contributions to schools as they were. This gives us confidence that the efficiencies of around about 50% in the start-up and pre-opening support are efficiencies that we can afford to make.

Q15 Bill Esterson: Did the earlier converter academies get more money?

Andrew McCully: What was so important for converter academies is that they had, if you like, their share of the extra support that went to the local authorities. You are right; many converter academies did find that very important and attractive, because many of those academies had not seen much return for that support that went to local authorities, so it was a very powerful motivation for them. They used it in different ways to provide services that they were not accessing before from local authorities that met their needs better, because they had control of those budgets.

Q16 Mr Raab: Are you finding that the academies, whether primary or secondary, are concentrated in certain parts of the country? Is there an urban, rural or suburban pattern, or do you find that it is random or evenly spread?

Dominic Herrington: I have two reflections on that. One is that it is everywhere now, in a way that a year or 18 months ago it was not. There are academies in every local authority area. We find that the highest number of converter academies tend to be in the most populous counties of the country. Our highest number of converters are in Essex, Kent, Northamptonshire, Leicestershire, Lincolnshire, and Gloucestershire. Where there is a high number of schools, there has been a high growth in academies.

Q17 Mr Raab: Is that because they are expanding to accommodate more numbers, and with that the autonomy comes in handy? Is that the point?

Dominic Herrington: No. I think in those counties there has been an environment where schools have got together with their local authority and thought about the benefits of academy status, individually or as groups, so the climate for schools if they choose to take on the benefits of academy status has been quite a benign one. Where there has been lots of information, schools have made choices in that context. Does that not answer your question?

Q18 Mr Raab: I just wondered what that has got to do with population itself. Why would population affect that decision making?

Dominic Herrington: Because of the high number of schools, there is more information about what academy status is and there are more opportunities to talk about it with your fellow heads. Where the proportion of all the schools in an area that are academies is highest has tended to be in smaller boroughs—if you like, in smaller parts of the country. If you take places like Darlington, Slough, Bromley and Thurrock, those are areas where there is a small number of schools and a high proportion of the schools are now academies. In some counties in some parts of the country now, all of the secondaries schools and increasing numbers of primaries are academies.

Q19 Mr Raab: I will follow that up with a question about the differences between the different types of schools in terms of things like their autonomy and their competencies. If we contrast multi-academy trust and non-academy foundations, single-academy trusts and maintained schools, or free schools and sponsor-led academies, what are the differences between the autonomies and the competencies that you are seeing come through?

Dominic Herrington: The main reflection I would offer is that, on the sponsored academies side, by definition the multi-academy trusts that are being created have an ability to exploit economies of scale immediately and quickly. This is why, linking back to the Chairman's earlier question, it is no surprise to us that more schools are coming forward in groups. They are seeing that that provides a mechanism by which they can collaborate, realise economies of scale and, for example, share and deploy maths teachers or ensure that deputy heads have a succession and can go to be a head in another school in the group. You are seeing a lot of realisation of the benefits of a much tighter set of collaborative ventures.

Andrew McCully: The principles of both the freedom of flexibility and the responsibilities are the same across the movement. I know the Committee is really interested in evidence, and one of the most powerful bits of evidence that I have seen about the advantage of the collaboration aspect, particularly in the stronger governance arrangements of multi-academy trusts, is the evidence of Robert Hill. Again, what he was pointing to was all the things that Dominic has mentioned in terms of the economies of scale, the strength of responsibility for when there are difficult decisions to be made and when things get tough, and the strong governance and accountability line within a multi-academy trust. This is really powerful evidence as far as I am concerned.

Q20 Craig Whittaker: On the point about where the academy converters are throughout the country, I know my own local authority in Calderdale—Calderdale Council—has passed a motion positively to work against the conversion to academies. What are you guys doing to counteract that?

Dominic Herrington: We have an ongoing dialogue with all local authorities about academy status of some shape or form. That dialogue often depends on the approach of the local authority. In those situations, we would take issue with that because academy status for the overwhelming majority of schools should be a converter choice. In that conversation, we would seek to understand what the particular problem was with academy status, and we would then go and talk to the schools directly about it. Often, what we have found is that, where we have had that kind of dialogue with the local authority, the most important thing is to go and talk to the schools individually and work directly with the school to help the school through the issue.

Q21 Craig Whittaker: Do you do that actively, or do you have to wait for the school to come to you?

Dominic Herrington: No, we would do that actively if that was the case.

Andrew McCully: A number of organisations representing academies—or indeed, membership organisations of academies—are also keen to do that. For instance, organisations such as FASNA or the Independent Academy Alliance would also want to

talk to groups of schools to ensure that the right amount of information is reaching them and they can make the choices that are available to them.

Q22 Mr Ward: We have had a submission from David Wolfe QC, talking about sponsored academies. He says that because a sponsored academy is merely the local branch or site through which the sponsor provides education, one of the consequences of that is that the local governing body “of an academy which is sponsored or in a chain almost invariably has fewer powers and less independence/autonomy...than the governing body of a maintained school.” Do you disagree with that?

Andrew McCully: A multi-academy trust is a single legal entity, and that is why it is so powerful as a governing arrangement. It provides real solidity and confidence for the future, without the uncertainties that are sometimes in the looser groupings between schools. That is why we are seeing, in a number of instances, schools that started with a looser grouping actually looking to join the stronger grouping of a multi-academy trust.

Most of the multi-academy trusts have their own different governing arrangements within the overall trust, for instance with local governing bodies and with different arrangements depending on the strength of the school. That is the other significant aspect of multi-academy trusts; the more the schools develop, the more the schools develop their particular strengths and ways of working within the trust. Quite rightly, the weaker the schools within the trust, the more I would expect the overall trust to be firm in its support and its direction.

Dominic Herrington: We have seen a lot of the chains that have outstanding schools allowing autonomy within the chain. It does not have to be a straightjacket. Often, those outstanding schools within the multi-academy trust are precisely those that are helping the weaker ones in the trust.

Q23 Pat Glass: Can I just ask a number of technical questions about becoming an academy? They are very short, so they just require short answers. What happens: does the DfE contact the school or does the school contact the DfE?

Dominic Herrington: It depends; if the school is an underperforming school, then we will contact the school.

Pat Glass: No, I am talking about outstanding schools.

Dominic Herrington: Outstanding schools will contact us.

Q24 Pat Glass: You are not going around trying to sell this to outstanding schools.

Dominic Herrington: No. We are providing a small number of information events in certain areas of the country where we know that there are schools that are interested in academy status. We do that often in conversation with the local authority or with the diocese. As Andrew says, there are two or three independent organisations.

Pat Glass: So, in fact, it is not the schools coming to you; it is you going to them.

Dominic Herrington: The schools come to us. It is a bit of both. The schools come to us, but if there is a demand for an event that can explain what academy status is and what it is not, we would run it. However, it is mainly them coming to us.

Q25 Pat Glass: If I am an outstanding school and I think I might want to convert, where do I come to? Do I come to the DfE, do I go to your regional office, do I go to the local authority, or do I go to a chain?

Dominic Herrington: No, you come to us.

Q26 Pat Glass: Is there a standard format? If I approach you, do you send me a standard format booklet?

Dominic Herrington: Yes. There is an application form that is on the Department's website. You would fill that in and we would then phone you up and go through that application form, and check whether we have got all the right details that we need, and then we would assess that application. We would also give the school a checklist of things that it needs to be thinking about. If the school wanted to apply in a group, that would be an early part of the conversation: are you applying as a single school or with a group?

Q27 Pat Glass: There is an application form. Is that part of a standard pack?

Dominic Herrington: Yes.

Pat Glass: You said there was an early conversation; so you get the application form, and someone from your Department rings me up.

Dominic Herrington: Yes.

Q28 Pat Glass: At that point, do you suggest partners to collaborate with, or not?

Dominic Herrington: No.

Q29 Pat Glass: Are single academy trusts the norm, or do you then suggest, "Look, you might be better off with a group; we will put you in touch with a group"? Or do you then get in touch with one of these organisations that you talked about?

Dominic Herrington: No. Largely we would leave the school to come with its ideas about who should be in its group or who it wants to partner with. We will not seek to inform or direct that. The point is that they are autonomously choosing where they want to go.

Q30 Pat Glass: Do voluntary converters have any contact with these seemingly incredibly expensive academy brokers?

Dominic Herrington: No. They would not have a conversation with them, because they are on the voluntary side.

Q31 Pat Glass: Is anyone in the Department looking at what is happening elsewhere in places like Sweden? We have seen what has happened in Sweden. Free schools started there. They are plummeting down the league tables. Is anybody looking at those and trying to learn the lessons to help people who are looking at setting up free schools here?

Andrew McCully: We do. From a point of principle and, indeed, the Secretary of State commented on this when he was able to talk to the Committee last, Sweden tell us that the

lesson they are learning is that they did not match the accountability system. That is the real difference. There has to be a twin track of both sharp accountability and autonomy.

Pat Glass: You are looking at it and trying to learn those lessons.

Andrew McCully: For instance, they did not have an independent inspectorate in Sweden.

Pat Glass: They do now.

Andrew McCully: They are moving towards that.

Q32 Pat Glass: They are closing these schools very quickly. Can I go back to the process? When a school considers converting to be an academy, is there a list of available models for them? Is that part of the application?

Dominic Herrington: Yes.

Pat Glass: They will get all of that right at the beginning.

Dominic Herrington: Yes, it is on the website.

Q33 Pat Glass: Can I ask you about the issue of consultation? That seems to be very loose. Schools have to consult, but it does not say with whom, when, or for how long. How important are things like parental support?

Dominic Herrington: Consultation is a really important part of it. It is a really important part of the move to academy status. What we expect academies to do is to follow the basic principles of consultation: you will provide the information, you will do it at a time when it will allow the decision to be informed, and you will do it in an accessible way. For example, if it needs explaining to particular groups or in particular languages, we would encourage that. The custom and practice that the consultations will tend to be four to six weeks has evolved. That will be part of our questions asked of the school that is converting: “You have a duty to consult, as through the Academies Act 2010. Do you have any questions about it? This is typically how it works. Consultation is not just with staff; it is with parents.”

Q34 Pat Glass: If I said, “Look, I have consulted with the local businesses and one or two of my friends,” would you say, “That is not good enough; you have to consult with parents”?

Dominic Herrington: Yes, we would. If a school said that to us, we would say, “Hang on a minute; the consultation has to be with your community, with your parents, with your staff, with your local stakeholders, if there are any, because it is a big thing and it is a big change.”

Q35 Pat Glass: If I said, “Look, the law does not require me to consult with parents at all,” which is not your fault—it is the fault of politicians, and it was pointed out at the time of the 2010 Act—would you say, “Sorry, that is a deal breaker”?

Dominic Herrington: Yes, we would, because we sign the funding agreement.

Q36 Neil Carmichael: To follow on from Pat's questions: you have mentioned the regional structures; what role do you expect the regional commissioners to have in this process?

Chair: We are going to come to regional commissioners later, and I think we will deal with that then.

Neil Carmichael: In this specific process, though; it is relevant to Pat's questions.

Andrew McCully: I am happy to talk more widely when you are ready, Mr Chairman. On your specific point, Mr Carmichael, we envisage the regional schools commissioners making the decisions to enable a school to convert. The decision that is currently taken by Ministers about conversion will be taken at the local level.

Q37 Neil Carmichael: Following on from that, it would effectively mean that the governing body, school or stakeholders would have to have a good dialogue with the regional commissioner.

Andrew McCully: Yes. It is part of our thinking, and it is an evolutionary process. This is a first step that we are setting out, and I fully expect that to evolve and develop over time. What we have said about the arrangements supporting the schools commissioners is that they will be supported by the Department as a whole. At the moment, Dominic has a skilled and effective team that works with the individual schools to help them through the individual process as he set out. That team will effectively change their orientation from the seventh floor of the Sanctuary Buildings and Ministers to the regional schools commissioners. There will still be support to the individual schools in that process, and civil servants will still be doing exactly the same things that Dominic has said, but supporting the decision making at the local level.

Q38 Neil Carmichael: Will there be an apparatus at the regional level to support that activity?

Andrew McCully: The siting of the operation will develop over time. It is a very effective operation at the moment, which is based out of two buildings across the DfE estate. I would hope that the efficiencies of that will continue, at least in the short term.

Q39 Mr Ward: In the light of the excellent working relationship between the DfE and Ofsted, I just wondered if you were concerned about the perception of Ofsted for the forced academies, in terms of, "These people are going to come in, and we know where this is going to end up, or fear where it may end up"? Are you concerned about the impartiality and independence of Ofsted—or the perception of it?

Dominic Herrington: No. Ofsted guard their independence fiercely. If there is that perception, our role is to explain to people that Ofsted may come in and make a judgment of whatever shape or colour, and then their role will end and it will be up to the Department to take forward the action. People may be worried about the perception, but I am not particularly worried, because I know that, operating the process, Ofsted will take its decisions and then it will go on to the next inspection.

Q40 Mr Ward: Can you walk us through the stages? You have had a judgment. What are the stages in that process?

Dominic Herrington: Once the decision has been made in terms of the moderation of the Ofsted judgment, we will write to the school within five days and we will say, “Our expectation is that the school will become a sponsored academy.” That is to start the dialogue with that school. We will then arrange a visit to that school within 20 working days, to start to understand the situation as we see it. From then on, the brokerage process takes place. I am quite happy to talk about that.

Mr Ward: We have covered the brokers to some degree.

Dominic Herrington: There are two kinds of conversations that go on through the brokerage process. The first conversation is with the school governing body itself. Our job there is to explain to the school our policy assumption that the school will become a sponsored academy, to look at the Ofsted report, to look at the viability of the school, to look at the extent to which the local authority may have intervened in the school, and really to get underneath what Ofsted have provided and to get a picture of what position the school is in. The second conversation that we have is with sponsors who may be interested in sponsorship.

Q41 Mr Ward: At the end of that conversation, could the outcome ever be that maybe we do not need to academise?

Dominic Herrington: The conversation is iterative, but our default assumption is that it will become a sponsored academy. In the small number of cases where it has not become a sponsored academy, our assumption is that that is where there is a question about the viability of the school. For example, the local authority may be thinking about closing the school.

Q42 Mr Ward: There are no other alternatives in terms of an IEB, or additional support put in. The default, other than closing the school in certain circumstances, is that it will become an academy.

Dominic Herrington: That is our policy assumption. These are the lowest performing 6% of schools in the country, and they are in a pretty bad way. Our approach is that the schools need a clean break and a completely new start with a sponsor. That is our default assumption when we go in and have those conversations, yes.

Q43 Mr Ward: As I mentioned before, the IEBs have a pretty good track record. They have a pretty impressive record over time of bringing about improvements. Why are they not considered?

Dominic Herrington: Local authorities sometimes will have done that already, and that is in my first point about the conversation with the school; we will take account of whether there has been a local authority intervention in that school. However, the reason why our policy is clear is that there is a lot of evidence, going back over five or 10 years, that sponsored academies are successful and work. There is an imperative, we think, for the accountability and governance of the school to change, and not to be to the entity that has failed in its oversight of the school. Now we have a strong and growing number of

sponsors, including schools as sponsors, who are quite willing to take on the challenge and the opportunities.

Q44 Mr Ward: It is overwhelming evidence that this thing will work, is it?

Andrew McCully: To add to Dominic's point, Mr Ward, the clue is in the name: Interim executive boards are inevitably a short-term solution to bring stability to a very weakened and difficult situation, but it is not the solution; it is an interim position. What academy status, the strength of an effective sponsor and the strong, lasting governance of a multi-academy trust provide is that long-term future, rather than very short-term stability.

Q45 Ian Mearns: From the figures that we have seen, based on an answer to a question given by Lord Nash, we know that there are 37 brokers. Is that right?

Dominic Herrington: There are now 38 brokers.

Q46 Ian Mearns: In the last figures that we saw, which were for the 2011-12 financial year, the DfE spent £2.8 million on brokers, so roughly £76,000 each for the 37 in that year. They are obviously a valued commodity from that perspective. Regarding the 37 brokers, roughly how many schools would they deal with on an annual basis?

Dominic Herrington: If you look at the number of schools that have an Ofsted judgment of four around the country—in the figures that we supplied to you, there are 420—we will allocate the brokers according to that number. The broker will work to the civil servant team, and they are organised regionally from, as Andrew said, the four offices. It does not always work as crudely as there are 37 brokers and 420 schools and doing the exact maths, because in different parts of the country the geography may be different and they may be concentrated in different places. However, that gives you a scale of the size of the operation, I hope.

Q47 Ian Mearns: So, for £76,000 each, they are basically working with about a dozen schools a year, are they?

Dominic Herrington: No, because the number of schools that go into the Ofsted category fluctuates back and forth. They are not full-time people; they are contractors who work for us.

Q48 Ian Mearns: So, they are part-timers for £76,000 a year.

Dominic Herrington: The maths of it does not always work out like that, because they will not be looking at just those 421 schools, because there will be other schools that we are concerned about that are below the floor standard as well. Therefore, it is not as stark as that.

Q49 Ian Mearns: I am only quoting back the DfE's own figure, because £2.8 million and 37 of them works out as £76,000 each. Some of them have more; some of them have less but that is the position.

Dominic Herrington: Yes.

Q50 Ian Mearns: You have already said that schools have a broker assigned. I take it that is the position, so the school do not get a choice of a list of brokers; they just have one assigned.

Dominic Herrington: Yes.

Q51 Ian Mearns: Can you talk me through the role of the broker in the process of converting to academy status? I was interested when I was reading through the very helpful brief that we get about this analogy to a near-boiled frog by David Wolfe. If a broker is explaining to a governing body that they are almost in the category of near-boiled frogs that need to leap before they boil up in this situation, it does not give them much choice over the matter, does it?

Dominic Herrington: No. There are two roles of the broker. One is to explain the position that the school is in legally and the policy assumption. The second set of conversations is with the governing body about the state the school is in and also with sponsors that are interested in taking on the challenge of sponsorship. The role is an information explanation role and also a brokering role.

Q52 Ian Mearns: From your perspective, would you say that the role of the broker is to explain to the school that the process of academisation is to improve the school, or is it just about changing the status of the school?

Dominic Herrington: Those come together in the same conversation, and the governing body in that situation will have questions not just about the individual position the school is in but about academy status generally. Often the civil servant will accompany the broker as well if there are wider questions about the policy generally. Our aim in that situation is to give the schools as much information as possible about the process that they are in and going through as well as the sorts of sponsors that may be introduced to them.

Q53 Ian Mearns: I am also particularly interested in how brokers are actually appointed. Is there any potential, given the nature of many of them, for any conflicts of interest?

Dominic Herrington: No. All conflicts of interest and perceived conflicts of interest have to be declared to us through the appointment. The appointment is through open competition. Brokers are typically ex-HMI, ex-directors of children's services or ex-headteachers. They will work for us; they are contracted to us for certain projects for certain periods of time, and we have put a schedule of their contract in the House Library. I would be happy to send that to the Committee as well.

Q54 Ian Mearns: Would a broker be precluded from working part-time or working for a sponsor and then promoting that sponsor to a converter school?

Dominic Herrington: Yes. The rules now are very clear on any conflict of interest or any perceived conflict of interest. They are very tight. If the broker was operating in that position now, we would take action.

Q55 Ian Mearns: Have we never had a situation where a broker has promoted a particular sponsor to a particular school with which they have another interest?

Dominic Herrington: Brokers originated in 2004, so I cannot vouch for every single situation. All I know is that the rules we have brought in over the last two or three years have tightened that up considerably. Now we are in a position where we will not have a broker who works for a sponsor and is allowed to introduce it.

Q56 Ian Mearns: When they are appointed, do you have many applications from people to become brokers?

Dominic Herrington: Yes. We do not have a particular shortage and we do not have thousands of people. There is always a supply of people who are interested in the role, and we take them through an interview process.

Q57 Ian Mearns: Given the costs and numbers that I have talked about, and I accept that there are peaks and troughs and the numbers vary, do you think they are value for money?

Dominic Herrington: Yes, I do. We look at the cost very closely, inevitably, and we look at how they are operating. We look at everything to do with that part of the process but I do.

Andrew McCully: In particular, it is the expertise that they offer. This has been the key reason that we continue to use contractors: they simply have expertise that civil servants cannot offer, especially because, as Dominic said, the vast majority are ex-HMIs, ex-headteachers and ex-directors of children's services. They bring huge experience and credibility in the conversations with schools that civil servants could never have.

Q58 Craig Whittaker: I would like to take you back to the subject of IEBs because if a broker, or indeed the DfE representative, during the discussions on academy conversion deemed that the governing body is not fit to take the school through that process, an IEB can be imposed.

Andrew McCully: Yes.

Q59 Craig Whittaker: Can you tell us what the criteria are for that decision to be taken?

Dominic Herrington: There are two things. The first thing to say about IEBs is that we will look at the Ofsted judgment on the school and particularly its judgment on leadership, management and governance. When we insert IEBs, there is a case that we need to look at in terms of what Ofsted have said.

What Ofsted normally say about schools in that category is particularly damning about the governance. First, we will look at governance weakness generally in inserting an IEB. Secondly, we will look at whether we think the IEB has the capacity and the willingness to make a significant and radical change to the school and look at some of the sponsored academy options. There is something about the underlying strength of the governance of

the school, but there is also something about whether the governors of the school are really understanding where the policy is and where the process is going.

Our experience of IEBs is that they have been pretty effective. The Secretary of State has used his powers in 13 cases now. What we have found is that bringing in an IEB allows you to bring in a completely different set of skills to a governing body. Often we can bring in something that is powerful, strong and smaller, so the school may end up as an academy, but the period in which the IEB is in is a very strong period, because it is a very strong board and far better than the board that it precedes.

Q60 Craig Whittaker: The skill set you are looking for is the criteria for selecting the IEB as well. Is that correct?

Dominic Herrington: Yes, when we are looking for IEB members, we would be looking for a balance of people who perhaps have expertise in school improvement, a background in finance or operations and those who have a particular background in human resource management and staffing issues. These are three of the core parts of effective governance, but being allowed to introduce those kinds of skills criteria has been really helpful for the status of those schools. If you look at some of the IEBs that have been introduced into schools, they are pretty strong and impressive.

Q61 Craig Whittaker: Can I take you back to a question that Pat asked earlier about the choice of sponsors? What do you do in a situation where you do not have a choice of sponsors? I can probably quote you two or three instances I know of where there has only been, “This is it” or “Yes or no.” What happens in that case?

Dominic Herrington: In that situation, part of the brokerage process is for us to have conversations with potential sponsors about their willingness to take the school on, their geography and whether it fits with the geography, whether they have specialism in that area and whether they want the worst of the worst schools. In that situation, one of the things that is quite important in our minds is speed. These are failing schools.

Q62 Craig Whittaker: Would you impose then? Rather than give a choice, you will impose.

Dominic Herrington: Yes.

Q63 Craig Whittaker: How many schools have remained in the maintained sector after embarking on the conversion process?

Dominic Herrington: Do you mean the sponsored or the converter?

Craig Whittaker: Either.

Dominic Herrington: For a very small number of converted schools, we have rejected their application because we do not think they are qualified.

Q64 Craig Whittaker: What about the other way round—where they have decided not to go through with the process? Do we know what that figure is?

Andrew McCully: No, by and large. We maintain the figures about the decision that has been taken, but if the school has registered an interest, for instance, and then withdrawn later on in the process, we would not have that information

Q65 Craig Whittaker: Let me ask one more question on sponsors. Obviously, if are going to impose, like you said you would, clearly there will not be any discussion about what the sponsor's plans are for the school. Is that right?

Dominic Herrington: There will, and the sponsor will be expected to come to the school and to the governing body to explain its ethos and record of achievement, and governors will rightly ask questions of that school. Through the consultation about academy status that carries on, there is also an opportunity to get into far more detail on the respective merits of the sponsor's offer.

Q66 Craig Whittaker: Would it be a discussion or an implementation? Because if you are imposing the sponsor, surely they will go and do whatever they want to do anyway.

Dominic Herrington: It is a discussion, because the sponsor in the school will be interested in the perspectives of the governors.

Q67 Craig Whittaker: What about the parents? You said to Pat earlier that, whilst having to consult parents is not in law, it would be one of the criteria that you would expect?

Dominic Herrington: Yes.

Craig Whittaker: Just so I am clear in my mind, if you are going to impose a sponsor on the governing body, so they do not have a choice on that, surely the sponsor is going to impose on the school their ethos, their plans for the school, their teaching requirements, their contracts for teachers, etc. It does not become a consultation; it becomes an imposition.

Andrew McCully: It certainly becomes a confidence-building exercise. It is often helpful to give some examples in this area. A case that the Committee will know very well is that of Downhills Primary School in Haringey, and we had a very clear idea of how Harris, as a sponsor, could contribute to that school, which had real problems. It is absolutely true to say that the response from parents was that they were very anxious about that.

Harris were part of the IEB, because we had a very clear idea that this would be an effective solution, so it was right that they should be part of the IEB. However, the work of the Harris member of the IEB, Sir Robin Bosher, was to talk to parents about what Harris would offer—and it was an extended conversation. It was absolutely clear that at the end of the consultation there were people and parents who were still anxious. The position now, of course, is that if you talk to parents in what is now Harris Primary Academy Philip Lane, they are much more confident.

Q68 Craig Whittaker: I understand that process, but I go back to my initial question. If you are imposing something on the school, surely the discussion that you talk of—is it not just lip service?

Dominic Herrington: There is a case-by-case criterion here, because the school will be in a state generally—we are talking about schools in special measures and special measures of special measures—where we will be interested in what the governing body has to say. The governing body will be able to offer its views, but the point is to bring in a clean break and to have a sponsor who can come in and offer something that is different. In that situation, all sponsors will be listening to what the governing body has to say, but that governing body will have been part of the reason why the school is in the state it is in now. Therefore, sometimes people may feel that they are not being listened to. We are always listening, but sometimes some of the suggestions, perhaps because of the way the school is, are not suggestions that the sponsor will want to take on.

Q69 Craig Whittaker: Who owns the land and the assets of the academy and what happens when the academy fails? Who does that revert to?

Andrew McCully: That is a difficult answer to a simple question, in that it varies. Many academies lease the land from the local authority, and provisions in legislation provide for the protection of the assets for the education system as a whole. If the academy were to fail, the Secretary of State maintains an interest in the education assets.

That is a simple answer—there are quite a lot of wrinkles in that: when you are dealing with Church schools, for instance, or foundations it will be different.

Q70 Craig Whittaker: Tell me what the process is with PFI schools then, because I know one of my high schools was going to be one of the first but then had a bad Ofsted report.

Dominic Herrington: Early on, if a school applies and says it is part of a PFI contract, immediately we will—

Craig Whittaker: Start sweating?

Dominic Herrington: —start to spend quite a bit of time on that school, because under a PFI conversion the contract stays with the local authority. We discuss and make arrangements between the local authority and the academy trust. The local authority rightly wants to say, “We still have the contract,” and so there has to be an agreement between the local authority and the academy trust.

There is also another agreement that has to be made with the PFI funders, who are interested in any change in any PFI contract. Any change in any PFI contract attracts the attention of PFI funders, and we will need to secure an agreement with them for this variation. We have over 100 PFI converters. Our experience is that it just takes longer, and because not all PFI contracts are similar—some of them are different variations and signed at different times—there is a lot of work for us to do, but we generally get there.

Q71 Neil Carmichael: In an earlier answer to Craig, you described IEBs as very strong and effective, and went on to suggest that it was good it brought in appropriate skills. You mentioned finance as an example. I am left wondering why we do not have that as a model for governing bodies more generally and, if the Government is minded, whether we should encourage those sorts of boards in future as long-term governing bodies.

Dominic Herrington: That is a policy legislation question that will always be there and I am sure has been debated and will continue to be debated.

Andrew McCully: You are right that the direction of travel and the expectation of policy that Lord Nash and others are strongly espousing at the moment are smaller governing bodies, where the emphasis is on the skills that they bring rather than the wider representation. There is a lot of evidence about the effectiveness of that in terms of outcomes for the school. That is something we will continue. It is certainly something that we continue to support and encourage within academies. That is a good governance model in academies as well, but you are right in terms of the wider maintained system as well.

Dominic Herrington: The legislation allows for an interim executive board to be made up of two members, which we think is a bit small. We have typically ended up with five with a range of skills in this work.

Q72 Neil Carmichael: Linking that back to the question Pat was pursuing before about the accountability issues in Sweden, that is another difference, is it not, where effective governance would strengthen both academies and free schools?

Chair: You just nod and agree, and Neil will be happy.

Neil Carmichael: I want it on the record, though.

Chair: For the record there is smiling, nodding and agreement going on across the board to Neil's excellent question. This is heavy work; we have a lot more to get through and limited time, so over to you, David.

Q73 Mr Ward: There is an advert published by the DfE inviting applications for potential academy sponsors, and it talks about the need for a strong track record of supporting other schools, an experienced and highly motivated leadership team, and so on. Why is it deemed necessary to have all of those attributes and experience?

Dominic Herrington: Because the challenge of sponsorship can be a very significant and a time-consuming one. If a school or a potential sponsor wants to apply to us, we have a six- to 10-page application form. It asks for the sponsor's ethos, motivation and direction. We ask for its track record or knowledge of school improvement. We will ask about the governance and financial arrangements, and we will ask about how it is going to run its operations and data. We will look at all of that in the round as a sponsor application. To answer your question, we are interested in that because that is where the sponsor will begin to cut its teeth and take on the sponsorship of schools.

Q74 Mr Ward: I understand that. If that is the case, and we understand why, why then is it possible to set up a free school with a group of parents who have never had any experience of running anything, let alone a school?

Andrew McCully: We also are increasingly expecting governance and strong governance arrangements within the proposer as a key thing that we look at in the physical application.

Mela Watts: The task of being a sponsor for an underperforming academy and establishing a free school are different jobs to begin with. That does not mean the governance in either is less important. You are absolutely right; groups of parents will often be the lead

proposers in free school applications, but what we encourage—and encourage very actively—is that those parents surround themselves, in either their proposer group or more formally through the trust arrangements, and then the governing body, with exactly the sort of people that we are talking about with exactly the same sort of expertise as Dominic has already been referring to.

Q75 Mr Ward: There is an equivalent amount of experience and expertise required, albeit not necessarily by the original proposers, but supporting the proposers for a free school. That degree of scrutiny is equivalent.

Mela Watts: Yes, that is absolutely right. A key part of any free school application is what we call the capacity and capability of the group. That does mean, in the first instance, the key proposers, who are often, as I said, parents, but it also means that much wider group. During the pre-opening phase, once the school has been approved but before it has actually opened, in our monitoring of those free schools, if there appears to be a gap in the experience of the governing body or if a particular issue appears to be live in that area, then we will work with those proposers to try to augment the group that they have supporting the proposal.

Q76 Mr Ward: You do seem to have got it spectacularly wrong in a number of cases, do you not?

Mela Watts: It is extremely unfortunate that there have been the cases that I am assuming you are referring to, absolutely. As my Secretary of State has made clear and as my Permanent Secretary made clear when he was in front of the PAC, the real test here is how quickly we act to deal with that failure. In the cases that have become very public, we have acted very quickly.

Q77 Mr Ward: I beg to differ on that one. There is a bit of a catch-22 here in terms of the experience of supporting other schools, because how do you gain that experience unless you have already gained it? Will there be a tendency towards existing track-record sponsors as opposed to new ones? How do you get that track record of doing it unless you have done it?

Mela Watts: Are you talking particularly about the free school movement or more generally?

Mr Ward: I am talking about the academies now and the advert we are referring to, which requires a track record of doing this. How do you get the track record?

Andrew McCully: We want to set a high bar. Dominic talked about the requirements and it is a high bar that we set. That is not the end of the process, though, because one of the things we realise is increasingly important is that these sponsors are building a wider operation a lot of the time. That requires new skills that, for instance, as an outstanding school they would not always have brought initially. It is a big difference between taking on two schools or three schools and taking on 10 schools, for instance.

One of the things that we have been doing increasingly over the last year or so is to work with sponsors on how they build their capacity, injections of help and business support and learning from each other. That is a big part of our work with sponsors: to enable sponsors to share experience about what it means to build support around schools, because now that

we have a track record and we have some very confident sponsors about what works, it is right that we should share that confidence with those sponsors who are just starting off.

Q78 Chair: The free school movement originally was very much envisaged as a passing down to the communities, to parent power, to set up schools.

Andrew McCully: Yes.

Chair: The truth is that you are moving away from that model are you not?

Andrew McCully: We are certainly not wanting to lose that ethos.

Q79 Chair: It is not an ethos. It is either a parent-led initiative or it is not. Last year 24 out of 94 openers were from parent groups. Originally, it was dominated by parents coming forward. It looks like it is now more about other schools, charities, independent schools and maintained schools. Everybody else would seem to be muscling in, and it looks like the parents are on a very downward track as a percentage of the number of free schools opening—or am I misreading the data, Mela?

Mela Watts: I think there is a bit of misreading of the data, if I may, and the data we gave to you had a range of caveats associated with that, primarily that this was self-reported groups—so how would you describe yourself as a group?

Q80 Chair: So, lots more of the 94, other than the 24, are really parent-led groups but just do not realise it.

Mela Watts: No. They are often parent-centred groups, not necessarily parent-led groups. It comes back to the point Mr Ward was making about governance.

Q81 Chair: It would be pretty hard to do a school without having parents involved somewhere along the line. You have a pretty loose description by the time you describe them all as parent involved.

Mela Watts: Parents have recognised that on their own they probably do not have the skillset, and they need to formally surround themselves in the way that I was talking about us informally and formally bringing people in. They want to work with either an existing school to get that sort of expertise or—

Q82 Chair: Parents generally have not got what it takes. Is that what you are saying?

Mela Watts: No, I am absolutely not saying that. I am saying that parents often recognise that they need some other skills to augment what they bring to the party to make that a complete whole.

Q83 Chair: It just looks statistically as if that idea of this being a parent-led initiative is not where it is going. It looks like the augmentation is going to be the leadership bit rather than the parents.

Andrew McCully: If I may, Chairman, that was never the sole message. Teachers recognising the opportunities to set up schools and organisations who recognised there

were types of schooling that were not generally on offer to local parents have always been part of the important messages of the free school movement.

Q84 Chair: But my point is that the parent-led element was seen as a major part, but it turns out over time, because of their recognition of the need for additional augmentation, it seems to be dropping off. Mela, that broadly seems to be true, does it not? I am not misreading the data in that respect, am I?

Mela Watts: As a general trend, parent-led groups are going down. That is absolutely right.

Q85 Ian Mearns: How is the track record of sponsors being assessed?

Dominic Herrington: We look very closely at the data and the Ofsted judgments that reflect the schools that are under the wing of all of our sponsors. We look at the data for all sponsors and all academies as a whole. We will look at every academy's performance. We will look at the Ofsted judgments. We will look at the data. We will look at the progress. We will look at the attainment.

From that, we will take a view on which of those academies require either some capacity advice or help, and which require a more punitive, stiffer approach. Then we will take various forms of action in those situations. The way in which we do this with sponsors is that we will use all of that analysis to call sponsors in for regular challenge sessions. We will ask sponsors for action plans. In some cases, we may transfer sponsorship from one sponsor to the other. There is a range of actions we will take, but on the education performance side, it will stem from the data and the performance, and on the financial side, it will stem from financial issues and the accounts.

Q86 Ian Mearns: I understand that the Department approved 191 sponsors last year. Could you provide the Committee with a list of all of those who have either been approached to become sponsors or who have applied to become sponsors? Could you also let us know how many said "no" if they were approached and how many failed to become sponsors?

Dominic Herrington: Yes. I do not have the data with me.

Andrew McCully: You will appreciate we are currently in dispute with the Information Commissioner on this from the free schools side.

Q87 Ian Mearns: I am not asking for names and passwords. I am just asking you for numbers.

Andrew McCully: We can certainly do that.

Chair: I wanted a list.

Dominic Herrington: We can certainly give you the ones who have applied. We do not go round phoning people up.

Q88 Ian Mearns: We should know as a matter of public record who the 191 that have been approved are.

Dominic Herrington: Definitely.

Q89 Ian Mearns: It would be of public interest to see how many people have approached the Department but were found lacking in some way.

Dominic Herrington: Yes, and often in that situation, for us, it is not always a cliff edge, “yes” or “no”. For example, it is a: “No, but if you want to become a sponsor you need to go away and do this and demonstrate that. Then you can come back.” We may defer people or we may say “yes” or we may say “no”. There is a range of responses.

Q90 Ian Mearns: Earlier you mentioned the transfer of sponsorships; that is, a school transferring from one sponsor to another. I would also be interested to see how many organisations or individuals have been sponsors and are no longer sponsors.

Dominic Herrington: Sure. We can give some examples also of where the sponsor transfer has happened. A sponsor in Stockton, North Shaw Academy, has now transferred from what was the primary care trust to Northern Education which is the sponsor up there. They are going very well and are very successful now.

Q91 Ian Mearns: Is that Les Walton?

Dominic Herrington: Yes.

Q92 Ian Mearns: What are the criteria for selecting sponsors?

Dominic Herrington: There are four main parts to the application. The first one is about why you are in it: what is your ethos, direction and motivation, and what are you going to bring? The second is your leadership—school-improvement expertise or experience, or potential to acquire it. The third is what your operational systems and underpinning infrastructure are going to be. The fourth looks at your finance and governance, and how you want to operate. We will look at all of those things. We will also involve the Education Funding Agency in looking at it at this first stage and carry out that check, and those are looked at on a weekly basis. Then the Minister will decide.

Q93 Ian Mearns: Is it fairly hard and fast in terms of the criteria that have been established, in that all organisations must meet those criteria, or do you finesse the criteria depending on who the sponsor would be?

Dominic Herrington: No. Anyone applying now has to go through those criteria.

Q94 Ian Mearns: Right. So, if it is an existing school, chain or faith group, they all have to go through the same hoops.

Dominic Herrington: This is for becoming a new sponsor. The people who will come through this process are those who may have just decided that they want to become a sponsor and have never done it before.

Q95 Ian Mearns: Is the matching of sponsors with schools fairly straightforward, or is it really quite complicated?

Dominic Herrington: It is increasingly straightforward. We now have 557 sponsors so, as I said, during the brokerage process, there will be a conversation with a number of sponsors. In some parts of the country we have more sponsors than others—London, for example—but now we have a national coverage.

Q96 Ian Mearns: Is the spread of potential sponsors around the country fairly even? Do you have more potential sponsors in some regions than others and schools waiting where there are no sponsors, or sponsors waiting for schools where there are no schools interested at the moment?

Dominic Herrington: No; increasingly, we do not have that issue. We may have had that issue a while back, when there were a very small number of sponsors. Generally, we are now in a position where we have sponsors that can be used and deployed. The growth has been so fast and, particularly, as I said at the beginning, a number of schools want to be sponsors now. If you look at the sponsors that have been approved over the last year, the majority of them will be schools.

Q97 Ian Mearns: If a non-faith school joins a faith-based trust, are there any safeguards in place to protect the secular nature of the new joining school?

Dominic Herrington: Yes, and there is a discussion that the non-faith school will have with the faith school about the governance arrangements in the trust. Our experience of that is that the non-faith school will not join in with a faith-based trust unless it has that security for its own ethos and provisions.

Q98 Ian Mearns: One last question from me: when we interviewed Lord Nash, I asked him a question about schools that had applied to become academies and had failed. I think Lord Nash believed there was no data about that. Is the Department now collecting data about that? You will get repeat applications, and it would be useful to know whether a school has applied before and failed.

Dominic Herrington: Yes. I do not have that data with me, but we would be happy to give you the data we have on those schools that have applied and been rejected or deferred to come back in a year's time with different results or a better approach.

Andrew McCully: With the caveat that—and one of the reasons that I was sitting next to Lord Nash at the time—one of the things we recognise is that often that is an iterative process. Schools may apply to become academies, and the response to them is, “We do not think you are strong enough, but we now want to have a conversation with you about joining you with a stronger group.”

Q99 Ian Mearns: It seemed a bit incongruous to me that we did not keep the data about it, because we should have knowledge about what schools have been doing.

Andrew McCully: Yes.

Dominic Herrington: We will write to you with the data we have.

Q100 Mr Raab: The whole ethos and aspiration behind free schools and academies has been to encourage innovators and pioneers. Where with academies you have chains that require a degree of uniformity, what residual freedom and autonomy do the schools, governors and teachers have? What is the balance there?

Dominic Herrington: That is a matter for the chain, but our experience in talking to the larger chains is that they regard their outstanding academies as jewels in their crowns. They give those outstanding academies autonomy within the chain.

Q101 Mr Raab: If they do not, what power do individual schools and parents have to challenge the uniformity? Do they have any?

Andrew McCully: Legal power, do you mean?

Mr Raab: Formal. In reality, what room is there for them to say, “Actually, do you know what? On this, we will decide.”

Andrew McCully: They are part of a single legal entity, so from that point of view, no; there is no separate organisation that can form a separate operation within the trust.

Q102 Mr Raab: Is there a cap on the number of schools any one chain can sponsor? What is the rationale for it?

Andrew McCully: There is no fixed limit, but behind your question is: do we have a policy of ensuring there is no growth that the sponsor can either not cope with and would be to the detriment of individual schools? We definitely do have a policy about that. In the evidence that we provided, we talked about a number of sponsors with whom we have agreed their business growth will pause, normally by mutual agreement because they are anxious about the strength of their business.

Q103 Mr Raab: Is there a number of schools where that arises or is it more granular than that?

Andrew McCully: It is granular, because it depends on the strength of the organisation. For instance, some of the academy chains that have grown most rapidly are those that need now to consolidate.

Dominic Herrington: The number of sponsored academies in the largest 10 chains is actually quite small as a proportion of the total number of academies. It is only about a third of the proportion of all sponsored academies because, as I was saying earlier, the real growth has been in schools as sponsors, and often one to five schools are sponsored. The picture that is emerging for us is not one of lots of big chains but one of lots of small schools sponsored by other schools.

Q104 Mr Raab: Where you do have that share that are chains, do you have in mind to accrue an optimum number of academies per chain? Is there a tipping point where you would be surprised if there were still economies of scale beyond a certain point? Or is that too crude?

Andrew McCully: It probably is too crude. We would be delighted if some of the most effective chains such as Outwood Grange, ARK and Harris were taking on more, just as

we have made it very clear to some of the less effective sponsors that they should be pausing and consolidating at the moment.

Q105 Chair: Could we have a list? I think 25 chains have been capped. They have been told they should not expand until they sort themselves out.

Andrew McCully: We will provide that.

Q106 Chair: We will have a list of those. Have they been capped for a period? Are they capped for a period, they sort themselves out, and then they are free to expand again?

Andrew McCully: The discussion will be: “We need to be confident about the success or the impact that you are making on schools.” Typically, when we have agreed a pause, it is because the performance is not what we would expect.

Q107 Chair: The largest academy chain is AET and they have been paused.

Andrew McCully: They have.

Q108 Chair: You said that you had capped them, and they said, “No, it was more of a mutual chat.” Certainly, in reading the press, there seemed to be a bit of confusion between the “decisive action by the Department”, as put out by your Department, and theirs saying, “That is not exactly how it was.”

Andrew McCully: We have been very clear about the fact that they need to pause

Q109 Bill Esterson: Can I come back to the point about autonomy within chains? David Wolfe, in his written evidence to us, suggested that if a chain was acting in a prescriptive way, the individual school and the school governing body would have less power and autonomy than if they had stayed as a maintained school. Do you accept that?

Andrew McCully: They are a single legal entity, so there is no separate legal entity within that. To that extent, there is only one organisation.

Chair: No, that is clear. I think you have answered it.

Q110 Neil Carmichael: Can I go back to the question you were talking about with Dominic, in terms of the structure and nature of chains? I was wondering whether there was any evidence that either suggests that a geographical area is better, smaller or larger, as indeed in the case that I described—the one that Graham has just been mentioning—or is there evidence that vertical integration is more preferable to horizontal integration? I am wondering whether there is any evidence pointing in any specific direction.

Andrew McCully: It is experience as much as anything else. Geography is very important. I remember we had a conversation about travel distances the last time we were here, Mr Stuart, about how long it takes to get across North Yorkshire, but geography is very important.

Chair: East Yorkshire would be more of a material interest to me.

Andrew McCully: North Yorkshire is bigger.

Neil Carmichael: Stroud for me.

Andrew McCully: Geography is important as a sensible, fair business. Vertical and horizontal integration are two different models, in both of which we are increasingly seeing sponsors that have expertise in primary and so look at bringing primaries together. That horizontal integration is powerful, but the attractions of a feeder primary with a secondary make that a really popular model as well.

Dominic Herrington: We are looking, as you can imagine, quite closely at all these patterns and how they are developing. One of the interesting things sponsors tell us particularly is that there comes a point as a sponsor—after you become the sponsor of three or four schools—when you need to think about a slightly different operation. You may be able to be a sponsor from one single school and you may be able to second staff into the schools that you are sponsoring. You may be able to use the host systems of that sponsoring school, but once you are beginning to grow beyond that three, four, five number, you need to think about how your operation works.

That, the geography and the vertical integration are things we are looking at. Our sponsors are telling us more about how they work.

Q111 Mr Raab: Can a school leave a chain if the governing body or the head feel that they want to do so?

Andrew McCully: If there is a mutual agreement, yes, and there are instances where they have. In the circumstance of an individual school saying, “We no longer like this; we want to go,” if they are part of a multi-academy trust at the moment, no; there needs to be mutual consent. We may work with the school and the sponsor to secure that if it is the right thing. There are, again, examples where we have done that but, no, there is no unilateral action.

Dominic Herrington: It is not a widespread phenomenon. There are not hundreds of people telling us, “We want to leave this chain.” In fact, it is more, “We are quite glad to be part of this chain.”

Q112 Mr Raab: Can you confirm that you have launched the survey on co-operation between schools that you referred to in your response to our recent report?

Andrew McCully: We certainly intend to do that. We are having some difficulties in terms of the actual operation of that, not least because we were about to launch that at the same time as another organisation, which was meant to be contacting many of the same schools. We agreed to pause for that, but we are just about to restart that process.

Mr Raab: It will happen.

Andrew McCully: It will happen.

Q113 Mr Raab: In terms of the duty to co-operate and collaborate with other schools, how is that monitored in practice, other than what you have planned?

Andrew McCully: We have a lot of monitoring of the effectiveness of individual trusts, and that is the best collaboration, in my view, of the umbrella trusts and multi-academy trusts. If you are referring to the agreements that individual schools undertake to work with schools, we do not individually monitor that, as we discussed last time when I was here. The anecdotal information we had, and that we shared with the Committee at the time, was that it was very strong—that they are maintaining those relationships. This follow-up survey that I talked about, which I am sorry has not got under way but will be going on shortly, will be asking that question.

Dominic Herrington: We stress it quite a lot as the school is applying to become an academy. Part of the application form is: “Who are you going to work with?”

Mr Raab: My question was about monitoring rather than complying. Chair, I think that is me.

Chair: Thank you. We have very little time left, so I ask my Committee to be short and sharp, and you are already doing a very succinct and effective job. The more you can do it, great.

Q114 Mr Ward: I have a couple of questions on monitoring and oversight, first of all on the financial monitoring. How are the auditors appointed for academies?

Andrew McCully: Sue Baldwin has been very patient. I will give her an opportunity at this point.

Sue Baldwin: It would be the trust that appoints its own auditors.

Q115 Mr Ward: Can we just separate the audit report? They have to publish accounts.

Sue Baldwin: Yes they do.

Mr Ward: They are submitted to you.

Sue Baldwin: Yes. Every trust has to have externally audited financial accounts, which they submit to us and which they would also publish on their own websites. Those externally audited accounts contain the regularity statement, which is the independent statement written by the accounting officer of the trust. It also supplies a regularity opinion, which is provided by the external auditors. We gather all of that in, and that forms the basis of our oversight.

Q116 Mr Ward: On the certified published accounts, is there a separate annual audit that is carried out? The accounts may be published accounts, as companies have to do and submit to Companies House; that does not necessarily mean it will audit it.

Sue Baldwin: They are audited.

Q117 Mr Ward: The information is provided by the academy or the company, but as there would be an internal audit going in from the local authority, in addition to looking at the accounts submitted, is it actually audited?

Sue Baldwin: I am with you. What happens is that those accounts—those financial statements—are externally audited by qualified auditors. These are external auditors, so it might be one of the large companies or a small company, but the trust buys that service in. Those auditors provide the opinion and produce those audited accounts for the trust. Those audited statements come to us. At the same time, the trust is also required to have its own internal audit processes, so that takes account of its internal processes as well as its external expression of how it has spent its public money.

When we review all of that data and all of that information that we receive from all academies and free schools, we will review that data and it might well be that we will choose to select a number we will visit ourselves. The EFA would go in and look at the financial management and governance arrangements of that trust.

Q118 Mr Ward: The internal audit within a maintained school is not its own internal audit; it is the local authority's internal audit that goes into the school.

Sue Baldwin: Yes. But the equivalent, if you like, is the externally appointed auditors that come in and perform that role for the trust.

Q119 Mr Ward: At the free school, Kings Science, there was an audit report prepared that only went to the principal and the benefactor. Is that something that could not happen then?

Sue Baldwin: Could you just explain that again?

Mr Ward: There was an audit of the accounts carried out, commissioned by the benefactor, which was reported only to the principal and to the benefactor and was not seen by anybody else.

Sue Baldwin: Many trusts, as they are developing their own internal services and their own internal and management controls, will ask an independent company to go through all of their systems and processes in order to strengthen those systems and processes. I believe that might be the report that you are referring to. We would not typically, as the EFA, require sight of any trust's internal workings.

Q120 Mr Ward: Not even if it identified fraud?

Sue Baldwin: If we identified fraud, we would expect the trust to supply us with all the information that we would ask for, yes.

Mr Ward: That is very trusting.

Q121 Chair: Are they legally obliged in any way to tell you?

Sue Baldwin: Yes.

Q122 Chair: You are dealing with an external audit, which is part of the major stuff. It is externally audited. It comes to you. There is that. But then below that there is the managerial stuff, which could be an audit of systems, etc. If that secondary-level staff identifies fraud, what duty are they under to make sure the world knows?

Sue Baldwin: The duty is set out clearly in both the accounts direction and also in the academies financial handbook. If there are any instances of fraud and irregularity, they are set out in the published accounts. At the same time, academy trusts are required—as set out in the academies financial handbook—to alert or notify us immediately of any fraud. We have set a de minimis level of £5,000 that they would notify us on. That is all in the academies financial handbook.

Q123 Mr Ward: In terms of the academic side of things and the monitoring of that, we have had a case where there has been two “satisfactory” or “requires improvement” grades in succession. Can you think of any?

Chair: For sponsored academies.

Dominic Herrington: As I said in the answer to Mr Mearns earlier, if we have an academy that is causing us concern based on the data and those Ofsted grades, we will start a process by which we potentially can intervene in it. The judgment will be what those two “requires improvement” grades are saying, what the actual data and performance are in the school, and what the RAISEonline data behind that are telling us about that school.

Q124 Mr Ward: Have we actually had two of the “satisfactory” or “requires improvement” grades in succession?

Chair: How many?

Dominic Herrington: I do not have that data with me. I am sorry.

Q125 Chair: Could you let us know how many sponsored academies have had two “requires improvement” grades?

Mr Ward: Could you also provide us with information, as you will not have this, about how many have been given a notice to improve as well?

Dominic Herrington: We can supply information on that.

Q126 Mr Ward: What are the criteria that are used when warning notices are issued? What are the criteria for which a sponsor is replaced, or a funding agreement? How bad does it have to get?

Dominic Herrington: Do you mean on the educational or the financial side?

Mr Ward: On the education side.

Dominic Herrington: It has to be a serious matter and we would not hesitate to go down that road. As I said before, we have a structured framework for these decisions, but if we find that, through an Ofsted judgment, it is in an incredibly serious place, we will take action as quickly as we need to.

Q127 Alex Cunningham: Thank you very much, Chair. Before we move on to some more of the detailed stuff on the financials, as far as monitoring and inspection is

concerned, is there anything in the speculation that a body other than Ofsted could end up inspecting free schools and, possibly, academies?

Andrew McCully: I have not heard that.

Alex Cunningham: There has been speculation that there could be a different body.

Andrew McCully: I am not going to join that speculation, but we are very clear that Ofsted is the inspector in free schools.

Q128 Alex Cunningham: There is, then, no discussion with Ministers on that. The Academies Enterprise Trust has announced its plans to externalise an unprecedented range of services—a contract worth between £200 million and £400 million—to a joint-venture company, effectively privatising them for profit. What do you know about these plans?

Dominic Herrington: What we know is what AET has put out as an initial proposal. That is a matter for AET and its board. I think, as we have said publicly, it is a matter for AET but we would expect that there would be no disruption to the education of the children in AET academies as a result of any plans they may or may not take forward.

Q129 Alex Cunningham: This is the first huge step towards a huge privatisation across a whole range of school services, whether it is running particular parts of the service—school clerks and things of that nature. Have you had any discussions with AET about these plans?

Dominic Herrington: I suppose I am not sure that I would accept your first statement, in that I do not think that this is an attempt in that sense. We have been informed by AET that this is something that they propose to do but, as I understand it, there is going to be a dialogue with the unions and there is a proposal out for discussion. We have not had long discussions with them about it, because it is a matter for them, essentially.

Q130 Alex Cunningham: So it is a matter for them whether or not they privatise a whole range of school services for profit.

Dominic Herrington: I do not think that that is what they are proposing but I may not be—

Q131 Alex Cunningham: Have any of you been involved in any discussions with Ministers about these plans, which will shift resources from the front line to profit-making organisations?

Andrew McCully: Our interest is in the effectiveness of the schools and, as Dominic said, the conversations that we have had with AET are to seek assurances about the effectiveness of those services to schools. The actual decision and the way in which they do that is up to the board and the board of the trust, provided that they maintain the provisions required of them in the relevant funding agreement.

Q132 Alex Cunningham: You are, then, seeking assurances but you have not had any conversations with them.

Andrew McCully: We have conversations with AET because they are one of the sponsors whose performance we continue to be concerned about, as I made clear earlier. Within that context one of the assurances that we have sought of AET is the maintenance of standards in the services within the school.

Q133 Alex Cunningham: Have you made any assessment at all of the impact on jobs, services or the terms and conditions of employees, and maybe, more importantly, on the effect this has on the front line?

Andrew McCully: That is a matter for the board of AET. They need to assure us of their continuing effectiveness as a sponsor.

Q134 Chair: If I may, Alex, I will come at this from a slightly different tack. Within the funding agreement, what requirements are there to ensure that those involved in a body such as AET do not use their position to profit personally?

Andrew McCully: That is set out very clearly within the Academies Financial Handbook: that any services that are provided by anyone associated with the trust, first of all, need to be procured openly. If there was the involvement of any of the trust, they can only do that provided those services are at cost, so no profits can be made. That is a clear stipulation of the handbook.

Q135 Chair: There are many not-for-profits that sound like very noble enterprises, until you see how stuffed-with-gold the employees of the not-for-profits are. Is there not a danger that there could be a financial benefit to some people while, apparently, observing the rules?

Andrew McCully: This is something that has been tightened over time, in that the first requirement that has been there right from the start—because it is a matter of charity law, for instance—is that the interest has to be declared and open procurement needs to be undertaken, but there was no stipulation that the profits could not be secured. That is the case within maintained schools, for instance. There is nothing to stop governors of a maintained school who have business interests from working with the school, provided that that is declared. What we have done additionally for academies, through the requirements within the latest revision to the Financial Handbook, is to stipulate that that can only happen where the services are provided at cost and not at a profit.

Q136 Chair: At cost, but are you confident about “at cost”? I have seen things at cost that still allow for personal profit, because it depends who is being paid, does it not? It depends if somebody’s husband or wife is being paid and they are part of the salary costs. It may be at cost, but it is certainly remunerative for the people involved, or am I missing something?

Sue Baldwin: It is worth saying that, if we talk more widely about these related-party transactions, which is, effectively, what this would be, the disclosure has to be in those annual accounts. We are getting them in now—all 2,260 will come in now—and they are being reviewed for any evidence of related-party transactions, so we will know of any instances. It is then our responsibility to speak to any trust that might have disclosed that, because they are required to disclose those related-party transactions. We will go through

those and have that conversation to assure ourselves that everything is completely above board.

Q137 Bill Esterson: Just very quickly, how much are salaries in the academy and free-school sector compared with the equivalent in the maintained sector?

Andrew McCully: I do not have those figures. We can provide those because that is part of the regular census that is undertaken of schools. We can provide that comparison; I just do not have them here.

Q138 Alex Cunningham: I would have hoped that, if there were profits to be made in the education system, they would be put back into the education of our children. It is possible, however, from what you are saying, that, under current funding agreements, school facilities such as swimming pools, halls and gyms are handed over to private organisations for them to make their own profits.

Andrew McCully: I do not accept the motivation necessarily, but the decision around how the schools run their services is a matter for the academy trust.

Q139 Alex Cunningham: It is, however, a fact that the local school or academy could hand their swimming pool over to a private organisation and say, “You run that for us and we will send our kids for their daily swimming lessons, but in the evenings and weekends it is up to you to make as much profit as you like.”

Sue Baldwin: The disposal of assets has to be approved by the Secretary of State, so an academy trust cannot just hand over any of its assets.

Alex Cunningham: Maybe I used the wrong wording.

Sue Baldwin: I understand that, but there are checks and balances.

Q140 Alex Cunningham: Maybe not manage them but hand over the right to make profits in their own right. They could say, “You run my swimming pool for me”—not hand it over; I take your point—“and, if you can make profit at weekends and evenings, that is fine by us.”

Craig Whittaker: Why are the schools not doing it?

Alex Cunningham: Is it possible under the funding agreement—yes or no?

Andrew McCully: It is certainly possible, provided that, as I said, the requirements of procurement and declarations are undertaken.

Q141 Alex Cunningham: As long as they keep their financials in good order, you are not terribly troubled as a Department about profit-making within the education system.

Andrew McCully: We are troubled about getting the best arrangements within the school. That board is best able to do that because of the flexibilities that they have.

Chair: I think you have made your point about your dislike of profit-making clear.

Q142 Alex Cunningham: The profit would be better off in the hands of the school. How will the EFA be able to oversee 3,000 schools, effectively? Is this going to be a regional job for the regional schools commissioner?

Sue Baldwin: If I just talk about the responsibilities that the EFA has, which are around the financial-management and governance side, most of what we do, we require all academies and free schools to respond to. We have just had the conversation about audited statements and things like that, so we are gathering all of that information. A lot of what we can do, for the vast majority of academies and free schools, is monitoring, and just making sure that that oversight of compliance with the law, with the funding agreement and with the Academies Financial Handbook happens in that way. That happens for the vast majority of cases.

We have restructured and reorganised ourselves to take account, for example, of the 3,000-plus inquiries we get each month not just from academies, but from other people asking about academies. We have restructured to cope with that in a better, more effective and more efficient way. We have streamlined a lot of our systems and made use of increased investment in IT systems, so we can put a lot more of our transactions with academies and free schools online, saving them as well as us time and money. That releases a lot of people who can then work on the relatively few cases—and some of them are complex—that we have to deal with on an ongoing basis. As part of the DfE review, we put a lot of information on planning and decision-making into that.

Q143 Alex Cunningham: Moving on to admissions, how many academies and free schools have requested or been allowed a variation from the admissions code?

Andrew McCully: We have supplied some information already to the Committee. There are just three variations of old-style academies, and we have given the information to the Clerk and the advisers about the circumstances of those three.

Q144 Alex Cunningham: That is fine—we can leave that there. What power does the local authority have to require an academy to admit a directed child?

Andrew McCully: All academies must be part of the fair access protocols—that is a requirement that we put on all academies. If you are also talking about statemented children, those things are changing, with the Act going through Parliament, but now all academies under the current funding agreement must admit a child if it is named on the statement.

Q145 Alex Cunningham: If some head teacher decides, “I am not having wee Jimmy”, what happens?

Sue Baldwin: The local authority would come to us and we would review the case. We would investigate the case and uphold either side. They are very few and far between, and I can supply information around that afterwards, but the local authority would come to us. If we found for the local authority, we would issue, on behalf of the Secretary of State, the “minded-to” letter, which then means the academy must take that child.

Q146 Alex Cunningham: Are we talking about a handful or dozens?

Sue Baldwin: We are talking about a handful. Since April 2013, I know that the number of SEN determinations that we have investigated is 14.

Alex Cunningham: That is fine. There is, then, no evidence in this place that academies are failing their duty.

Q147 Craig Whittaker: Could I just ask you about pre-registration inspections of free schools? You probably do not have the information but I wonder whether you could provide it for us. How many have been conducted and what were the outcomes were those—unless you have the information now?

Mela Watts: In terms of the data, no, but the fundamental is that every free school, before it opens, will have a pre-registration inspection from Ofsted. That has happened in every case before a school has opened.

Q148 Craig Whittaker: Is that before or after the financial agreement has been signed?

Mela Watts: It has been both before and after. It really depends on when the funding agreement has been secured. I think the pre-Ofsted registration is about being clear that the school is meeting the independent school standards. That tends to happen between June and August, before a school opens in September—tends to, in that period of time.

Q149 Craig Whittaker: Are you saying, then, that most of the pre-work has been done prior to that inspection taking place?

Mela Watts: Yes, absolutely.

Q150 Craig Whittaker: Just for clarity, then, in some instances could the financial agreement have been signed before that inspection takes place?

Mela Watts: Yes, it could have been.

Andrew McCully: It could, but because all free schools have to be registered as independent schools, and a condition of that is that they meet the standards, if they do not meet the standards, the school cannot open.

Q151 Craig Whittaker: How many has that happened to—do you know?

Mela Watts: In terms of the funding agreement being signed before the pre-registration?

Q152 Craig Whittaker: Sorry—when they have had their inspection, they cannot then open because they are not up to speed.

Andrew McCully: In the few cases where Ofsted have given some conditions, we ensure that the school has met those conditions before it opens. Typically, what Ofsted will do is say, “We think the school is already meeting the standards or it will meet the standards if it does A, B and C”. We will then require that the school does A, B and C.

Q153 Craig Whittaker: Are you saying, then, that no free school has had an inspection and not managed to open on time?

Andrew McCully: That is correct.

Mela Watts: That is correct, yes.

Q154 Craig Whittaker: In the case of—is it Million Plus in Bradford?

Mela Watts: One In A Million.

Craig Whittaker: Are you saying that they had not had their inspection before they were declined opening in the September?

Mela Watts: That was a more complicated case that was not necessarily about the pre-Ofsted inspection. The One In A Million scenario was one in which we deferred for one year.

Q155 Craig Whittaker: Yes, but had they had their inspection or not?

Mela Watts: I do not know off the top of my head, I am afraid. I will let you know.

Craig Whittaker: When you say, then, that every free school that has had an inspection has opened on time, that is not particularly true, is it?

Andrew McCully: No, I did not say they opened on time. Every free school that has had an inspection—

Craig Whittaker: Has eventually opened—is that what you are saying?

Andrew McCully: Has opened, yes.

Craig Whittaker: Whether that has been deferred or whatever, then, that does not matter.

Mela Watts: One In A Million was a different issue in terms of the deferral cause.

Craig Whittaker: The question was specifically about inspection, and I know it is now open.

Q156 Ian Mearns: Can I ask, in that case, what sort of pre-inspection was done in the case of the Parkfield School in Bournemouth? As I understand it, the school has been established and children have been taken on board, but the parents have gone on the road with their children thinking the school was going to be in one place, but it was moved six miles away, leaving a lot of those parents and their children potentially stranded, because, by the time that happened, admissions for other schools had already been sorted out. What have you learned from that particular scenario?

Mela Watts: I am happy to write to you about that particular scenario.

Chair: Please do so. Thank you.

Mela Watts: I think the things we have learned more generally about site is that it is something that parents, quite understandably, get very vexed about. They want to know exactly where the location of their school is going to be, and that has been quite a challenge in the establishment of the free-school movement. There is no doubt about that, and I think that is very much a matter of public record.

Q157 Ian Mearns: I think this is important as well. It is important about the children, but was any public money wasted in the pursuit of one particular building, only for the school to then have to be relocated somewhere else?

Mela Watts: I would challenge that that is necessarily a waste of public money in using temporary accommodation. There are a number of schools where we have used temporary accommodation in anticipation of being able to move into a permanent site in a year or 18 months' time.

Q158 Ian Mearns: I am sorry, but could you also include information about what costs were incurred in that? I think the Select Committee would like to be the judge of whether or not it was wasted.

Mela Watts: Certainly.

Q159 Craig Whittaker: Just on that subject, could you also supply us with how much DfE money is spent on average—and I know it will vary from school to school—on the process prior to inspection of a free school? That would be great.

Mela Watts: Can I understand that question a little better? We certainly give every free school, once it is approved into the pre-opening phase, a grant to get through that pre-opening phase. That is a standard amount now for primary, secondary and an all-through.

Q160 Craig Whittaker: I am talking about up to pre-inspection. How much DfE money is invested in that process up to the point of inspection?

Andrew McCully: It is standard.

Mela Watts: It is the standard grant that we now use.

Q161 Craig Whittaker: How much is that?

Mela Watts: For a primary, it is £220,000; for a secondary, it is £300,000; and, for an all-through, it is £300,000.

Q162 Craig Whittaker: Thank you. Could I just ask you about targets? The Government has set targets for how many free schools they want to open over the next three years. Are you saying no?

Mela Watts: Yes, I would take issue with that. The Government has never set targets for the establishment of free schools. This has always been a bottom-up, community-led programme, responding to local need.

Q163 Craig Whittaker: The Government has no idea, then, in their own mind, how many free schools they would like to open in the next two or three years.

Mela Watts: The Government is keen to open free schools where those schools are good enough to be opened.

Q164 Craig Whittaker: Let us cut the political talk—let us get down to brass tacks: how on earth do you fund an open-ended ambition, then, if you do not have targets? You must have some idea of how many free schools you want to open, ideally, in the next two or three years?

Mela Watts: Of course, in terms of making the Department's finances work, we have planning assumptions, but they are absolutely not targets. The number of free schools opened will be about 40.

Q165 Craig Whittaker: What is your planning assumption of free schools opening over the next three years?

Mela Watts: What we have done is we have looked at the history of free-school applications. We have looked at the number of applications that have come through. We have looked at the rising quality, generally, of those applications. We are looking at how many schools we opened in 2013, which was nearly 100. We are hoping to open around the 100 mark in September of this year. That, as a ballpark planning assumption, but not a target, seems to be the number of proposals that come through.

Q166 Craig Whittaker: You have money set aside, one would presume, over the next three years for approximately 100 free schools a year. Let us take that as a “ballpark” figure—I think they were your words. What happens if you do not hit that assumption? What is the Department doing to ensure that you have enough quality applications coming through to ensure that you hit your assumptions over the next three years?

Mela Watts: We do grant-fund the New Schools Network, which does a good deal of work for us out in the field in terms of working with potential proposers, helping proposers understand the process that they will be going through and helping them understand our guidance on what sort of application to be put through. That is our key mechanism for making sure that proposals that come forward are of high-enough quality.

Q167 Mr Raab: Given that just 43 out of 174 free schools that have opened are operating at capacity, are you looking again at the criteria for local demand and local support? Is that likely to change?

Mela Watts: In the most recent round, we took a slightly different approach to need. We are looking at need through three prisms, really. The first is what you might call “basic need”—a term that I think everybody here will understand; the second is the demand from parents and whether parents are interested in this type of school in this location; and third, what is the quality of the other provision in the area? Is it of good quality or not of good

quality? The combination of those three factors allows us to think about need rather more in the round, I think.

Q168 Mr Raab: Is that evolving and new then?

Mela Watts: That has certainly been new for this most recent round and that is evolving, yes.

Q169 Mr Raab: Can I give you one example? You have the criteria of basic need, and I have my own experience with the Cobham Free School, which is a secondary. It satisfied the local demand and the basic need, because it had been without a secondary for many years. When we came to look at finding a site, the EFA identified a site in collaboration with a developer, and the quid pro quo was 500 new homes, which struck many—and it is still going through the process—as immediately eating up the demand that was otherwise going to be plugged. What analysis do you do in that kind of scenario of how the extra supply is going to be offset by, for example, a sponsoring developer who is going to create more demand? It struck us that no analysis of that had taken place.

Mela Watts: That certainly is part of the consideration in trying to identify what I described as need: seeing what sort of timeframe that development will be built over, and what the local authority thinks the likely population and target customer will be.

Q170 Mr Raab: The local authority was not consulted. My question, however, was: did you do an estimate of the number of extra places required in that scenario, in this case or otherwise, for the extra homes to be built? Is that something you would do a specific analysis of: “We know we are going to need X number of extra places to deal with those new homes and the families that they will bring”?

Mela Watts: Whether we manage to secure a precise number, it will certainly be part of the overall consideration.

Q171 Mr Raab: You will, then, at least have some assumptions.

Mela Watts: Yes.

Mr Raab: I think, on the others, Mr Chair, they are questions that perhaps it would be easier, given the time constraints, for the witnesses to write to us on, which are how many stages there are in the process of establishing free schools—

Chair: We do not need to list them now. If we can write to you about that, that gives us four minutes for Ian to touch on regional school commissioners.

Q172 Ian Mearns: The regions have been established, as you know, around the country, and I notice that London does not have its own. From that perspective, it is a bit odd. How are the areas covered by each regional school commissioner decided upon, and what processes are in place for them to work effectively with Ofsted, given that the regions cover different areas?

Andrew McCully: The decision on the regions—and it is one that is of planning assumption at the moment; this is an evolving process and we will continue to look at that

as we recruit the regional commissioners—was based on an analysis of the size of demand. For instance, if you look at the map, the northern region is much bigger because there were fewer academies and free schools that we were looking at. We are also looking at the way in which expertise can be spread around. You are right that, in particular, London councils have questioned the split of London, but it was a deliberate expectation that the expertise and the capacity in London could be married to other parts of the southeast and the east. The decision was a deliberate one to recognise need and the spread of academies.

Q173 Ian Mearns: Are the commissioners DfE regional officers by another name?

Andrew McCully: As I mentioned to Mr Carmichael, we are very clear that this is an evolutionary process. In this stage of the development, we are operating under the existing legal framework, so they will be taking decisions that would otherwise be taken by the Secretary of State. For those reasons, they have to be civil servants operating under the schemes of delegation.

Q174 Ian Mearns: Are they all in place now?

Andrew McCully: No. We have advertised. We are in the process of recruitment, but that process will not be complete until into March.

Q175 Ian Mearns: When appointed, what powers of intervention will regional schools commissioners have for schools in their area?

Andrew McCully: They are the powers that the Secretary of State has. There are no changes to the framework for academies at all. All the functions that Dominic Herrington was talking to the Committee about earlier will be the same functions, but the decision on whether to intervene will be the commissioner's rather than the Minister's.

Q176 Ian Mearns: In essence, are they the spokesperson or the intervention officer for the DfE in that region?

Andrew McCully: They are the start of a process of bringing decisions closer to the areas in which they are working. At this stage, however, we are operating under the legal structure as stands. We are not making any changes to the legislation or funding agreements, so they are still taking decisions on behalf of the Secretary of State.

Q177 Ian Mearns: From your perspective, in appointing these people, who will be quite powerful within the regional context, what are the main skills that you are looking for?

Andrew McCully: We have set out the skills in the job description and the advert. We want credible and experienced educational experts, and those whose decisions would be, by their experience and their standing, ones that people have faith in. Typically, if you want my ideal of what a regional schools commissioner would be, they would be an outstanding educationist, someone with experience in the area, who has leadership and organisational potential, and whose decisions schools and others would have confidence in.

Ian Mearns: Chairman, there are a number of other questions but I think we can put them in writing.

Chair: We will probably write to you. I think we are going to have to bring this to a close, David.

Mr Ward: Could I have a written response, Chair, to something we were talking about earlier?

Chair: We can add that to the letter which we will send requesting a written response in turn. The first that this Committee knew about the appointment of schools commissioners was the news that an advert had been placed in the *TES*, and I have to say I think that was a singularly shoddy way for such a significant policy move to be announced. The least we would expect from the Department, although I accept that Ministers are responsible for this, should have been to write to the Committee and let us know that this was going to go ahead. If you could take that onboard, that would be very helpful. Thank you very much indeed for giving evidence to us today.