

Public Accounts Committee

Oral evidence: Academies and maintained schools: oversight and intervention, HC 735

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Members present: Margaret Hodge (Chair); Mr Richard Bacon; Guto Bebb; Mr David Burrowes; Chris Heaton-Harris; Meg Hillier; Mr Stewart Jackson; Mrs Anne McGuire; Austin Mitchell; Stephen Phillips; Nick Smith

Sir Amyas Morse, Comptroller and Auditor General, Adrian Jenner, Director, National Audit Office, Tim Phillips, Director, National Audit Office, and Marius Gallaher, Alternate Treasury Officer of Accounts, were in attendance.

Witnesses: Russell Hobby, General Secretary, National Association of Head Teachers, and Emma Knights, Chief Executive, National Governors Association, gave evidence.

Q1 Chair: Welcome. You probably know the purpose of this first part of our session this afternoon. It is really to hear from you, as representatives of the experts in the field and people on the front line, what direction we should take the hearing in as we talk to the accounting officers.

Emma, let me start with you, as the representative of governors. Clearly, in the framework the Government has established, the role of governors is absolutely central to improving standards and the oversight of education. Where are the weaknesses? Where are the strengths? What should happen that is not happening? Where are you happy or unhappy with the current settlement?

Emma Knights: We think, as the Report identified, that we don't know enough about where governance is right across the sector. We know that some governing boards are absolutely terrific and that some are pretty woeful, but what we don't really know is, do we have a bell curve between them and how are governing boards in our schools really placed?

We now have a lot of flexibility to improve governance, and this Government has certainly put a lot of effort into raising the issue's profile. As you say, the school system itself, because there is more autonomy, makes the role of governing boards much more important, and the Government has recognised that.

The fact that governors are not required to be trained before they take up governorship is an issue. We think governors should be trained in the same way, for example, that magistrates are before they go on to the bench—it is that important.

It is quite difficult to talk about governance, because there are so many different levels and different people with slightly different jobs. I am actually talking about both trustees and governors.

Q2 Chair: Do you think there is a difference between the role of a trustee of an academy or academy chain and the role of a governor in a local-authority maintained school? If so, what is the difference, and what is the implication for the role of governors?

Emma Knights: Absolutely. In fact, what constitutes effective practice is actually very similar, but, legally, their duties are quite defined. Clearly, a trustee on a multi-academy trust or a trust board in a stand-alone academy is defined differently in law from a governor in a maintained school. We have introduced, perhaps, more risk into the system by converting schools into academies, putting more responsibilities on to trustees, than you would have in a maintained school.

Q3 Chair: Are those trustees members of your association?

Emma Knights: Yes, we now represent both trustees and governors.

Q4 Chair: What do they raise as issues and what do you observe as issues?

Emma Knights: Just talking a moment about multi-academy trusts. Obviously, we know about half of academies are within multi-academy trusts, and that is where we have most of the issues raised by our members, because there has been for some time confusion in a number of MATs about who does what at what level. So you have the members, then the trustees of the MAT itself, and then you may or may not have local governors.

In most MATs you do have local governors, but you can delegate different things in different MAT structures to the local governing board. That has created an awful lot of confusion, because a lot of MATs do not lay out their scheme of delegation well, or in some cases they do not lay it out at all. Our most common query is, “I don’t understand, as a member of the LGB”—the local governing body—“what exactly my duties are.”

In stand-alone academies we do not have as many inquiries, with trustees perhaps understanding how different their role is. We think we should be getting inquiries from people asking more explicitly about how their role has changed since becoming an academy. However, we think in an awful lot of cases academies converted at quite high speed and did not undertake governance reviews, and therefore they transplanted their governance in a very similar fashion into the converted academy. That was a real lost opportunity. Both the Department and ourselves are saying to academies out there, “Come on, you really need to review your governance and see whether it is fit for purpose.”

Q5 Chair: So you mean the same group go over?

Emma Knights: Yes. In lots of cases they might have maybe lost one or two, but by and large their academy structure mirrored their previous structure.

Q6 Chair: Okay.

The Department would argue that autonomy is important, and that is why they do not prescribe how the governance should take place where you have what you call your MATs—your multi-academy trusts. Why do you think they are wrong or where do you think they are wrong? What have you picked up as the impact of that?

Emma Knights: I completely understand that the Government does not want to look as though it is telling a MAT how to structure its governance, but we are trying to work within that philosophy to encourage MATs to develop their governance in a more effective manner.

Q7 Chair: Where has it not worked? What has gone wrong? What have you observed in your work?

Emma Knights: There is not enough expertise necessarily within MATs to understand what an effective system looks like. For example, they may be delegating too much down to local government body level or they may be delegating not enough. They may, for example, have a system whereby they say, “You’re going to have more autonomy if you are a better school”, which absolutely makes sense: people are calling that earned autonomy. But do those multi-academy trust boards know which are the schools that deserve that earned autonomy and which do not? We would suggest that perhaps if you grow too fast as a chain, you may lose control of which schools really can cope with more autonomy and which schools you need to be treating more like an interim executive board.

Q8 Chris Heaton-Harris: A couple of things. First, you just mentioned an effective system of governance and that people do not recognise what it is. What is it?

Emma Knights: How long have you got? We spent a whole day—

Chris Heaton-Harris: I was a school governor for quite some time and the guidance I got from the centre I thought was particularly poor. I was a governor of a secondary school and a primary school that had a special unit for deaf children. I just wonder, as there is no definite effective governance that worked for one school—I think it is a bit glib that you come here and say that you cannot judge multi-academy trusts for having effective guidance, when I do not think you can define, for each of those multi-academy trusts, what effective governance would look like.

Emma Knights: Okay, there are two aspects to governance, in a sense. One is the structural—what do the structures look like?—and the other is what does effective practice look like? Effective practice is really our bread and butter. That is what the National Governors Association does on a day-to-day basis. We work with schools to try and improve their governors. That is why I asked how long you have got, which sounds a bit glib.

We have eight elements of effective practice: having the right people round the table; making sure they know their rules and responsibilities; having a great Chair, which is probably the most important; having a professional clerk, which would improve an awful lot; knowing the school; understanding the data; understanding the people; challenging well; and following up with those courageous conversations. There is a huge amount of literature and, indeed, practice and good guidance, about how you do that.

The different point is about structures and who within a MAT performs different duties. That is why we have introduced variability into the system. It is not necessarily a bad thing. I work in the charity sector and have done for most of my working life. What we have now done with academies is in effect to bring them into the charitable sector. I know they are exempt charities, but they are now much more akin to charities than they were before. If you look across the charity sector, we have a huge number of different models, so it is not that we do not know. An organisation may adopt different models.

Q9 Chris Heaton-Harris: My second question is that you also said you do not really know about how schools are doing now. There is a bell curve and some schools are fantastic at governance and some are rubbish. Was that not the case anyway previously?

Emma Knights: Yes. Absolutely.

Q10 Chris Heaton-Harris: And in that bell curve previously where would most schools have fallen? Would they have fallen towards the bottom?

Emma Knights: That is our problem as a system. We don't really know. I can give you our perception, which is that governance is improving. We think there are more schools towards the top end, but I cannot prove that empirically to you.

Chair: Let's move to you, Russell Hobby. Does anyone else want to ask Emma any questions at this point?

Q11 Mr Burrowes: I am conscious that I was a governor of a school that went into special measures and the governors were criticised for, among other things, lack of leadership. We went for informal intervention and led a macro Covey group, and it was dealt with by getting outstanding leaders locally to help to get us into a position where we are now making great progress. Do you have your own experience of what helps to provide good leadership? What do you think has been gained since 2010 and the £30 million which was to try to encourage leadership? Do you think that ideally local solutions are best or do we need the centre to help?

Emma Knights: When you say "leadership" do you mean within governance, or professional leadership?

Q12 Mr Burrowes: When a school is in trouble and in special measures, where do you think we will get the best leadership? Do you think we need a central formal approach or an informal approach, and what is the most effective?

Emma Knights: I was interested to see in the NAO Report that, from the very limited sample they have, interim executive boards seem to be a pretty effective intervention. Again, that is our experience, although we don't have huge evidence. It seems that IEBs are often a very good way of moving a school that is in serious difficulties out of them. We know that IEBs have not been used as much as perhaps they should have been in the past. Again, this Government have encouraged local authorities to use them more and I think that is probably the right move.

Q13 Mr Burrowes: As an alternative, have you looked with your association at whether, in terms of local leadership and outstanding governors and trying to help governors address their issues of governance, locally led solutions are better, or do you need to go the option of the IEBs?

Emma Knights: By definition, your interim executive boards need local people. I don't mean local as in literally down the road, but if you are going to be that involved in a school you are probably giving a day a week to do that, so you must be within a reasonable distance. I would expect a good model, in the case of a local authority finding members for an IEB; I would expect it to have a pool of good people they deploy when they need an IEB.

I know the Department is also collecting names of people who can be used in this sort of situation. I hope that central and local Government will work together on that.

Q14 Mr Burrowes: The NAO looked at the effectiveness of formal and informal interventions, and it said that 59% of schools that receive no formal intervention improved, whereas 48% of schools that received a formal intervention improved.

Emma Knights: I found that slightly surprising. It is perhaps not what we expected. What we have seen in some schools, and indeed in some Ofsted reports, is that too much emphasis can sometimes be put on structural change and, at a point when schools need to improve, you should perhaps be concentrating on improving leadership in order to improve teaching and learning, rather than necessarily changing your structure.

Q15 Mr Burrowes: That goes against your suggestion of imposing a board, because it seems to be much less destructive if you can get your local leaders, outstanding heads and outstanding governors from local schools, working through the local authority—that is the way we approached it. I am trying to ask whether it is horses for courses.

Emma Knights: It is also about at which point in the process you are causing concern. Even the phrase “causing concern” is a bit of a problem, because, actually, by the time a school is officially causing concern, it is already in huge trouble. We want to see a system where the powers that be, for want of a better word, are aware of problems earlier. We should use local resources, whatever they may be, such as other schools or a teaching school alliance—there are a number of resources on which we can draw. That is eminently sensible but, in serious enough situations, schools will reach a point where the governing board needs to be replaced by an IEB.

Tim Phillips: I want to clarify something about the analysis of doing nothing versus formal interventions. The intention was not to compare the effectiveness of different formal interventions, either one with another or with doing nothing; the analysis just shows that, whatever you do, or if you do nothing, there is a variety of outcomes. What we are saying is that the Department needs to understand more about why some schools improve following an intervention and some do not.

Q16 Mr Burrowes: Your analysis may include informal interventions. It is not necessarily nothing.

Tim Phillips: That's right. The nothing category might include some informal interventions.

Q17 Mr Burrowes: Obviously, across the country there are different networks for encouraging leadership. The network in my area has a good collaboration with the local authority and other schools to develop strong leadership. How are you finding that collaboration across the country? What is its impact on academies and free schools?

Emma Knights: It is incredibly variable. You cannot generalise from one place to another. Quite often it relies on the people in a locality, how enterprising they are and what structures they have put in place. When schools are struggling, they sometimes start looking inwards, rather than outwards. People often don't want to share their trials and tribulations. Having said that, we also know that some of the best governance is going on in schools that require improvement. If a governing board is doing its job properly, it knows what issues the school is facing, and it should have a plan with its school leaders to improve the school. I would not want you to think that I am just waiting for somebody to come in from outside, either centrally or locally. Almost always the school itself will have come up with a plan. That might be doing nothing in terms of formal intervention, but, boy, are the people in that school working incredibly hard to improve things.

Q18 Mr Burrowes: I know you come from an LGA background, but is that related to the strength or quality of leadership from the local authority on school improvement?

Emma Knights: Again, it is completely variable. It may or may not.

Q19 Austin Mitchell: My first question is for the head teachers. In a letter to us, the permanent secretary of the Department said that schools are co-operating to improve each other, and he placed a great emphasis on that. He said that "The British academy programme"—I didn't know we had a British academy programme; I thought we had an English academy programme—"allows an academy to generate significant beneficial external effects on the neighbouring schools by the improvement effected by academies", and that they are all co-operating to improve.

That is not my experience in Grimsby. They are all cutting each other's throats, because they are all competing to attract better pupils and get people from outside the old drawing areas to improve exam results. They are competing in terms of exam results. They are competing to dump more kids on to the system and exclude more kids to purify the stock, as it were, in order to get better results. Is the system incentivised to get schools to co-operate to improve each other, and do they do that?

Russell Hobby: There is some evidence to show that the establishment of an academy or free school in a local area stimulates the schools around to raise their game in return, regardless of whether there is any form of co-operation between them. That would be a beneficial effect of the competition.

Q20 Austin Mitchell: But they are competing.

Russell Hobby: Yes, but sometimes competition can produce healthy effects as well. It is also the case that you sometimes find that the bonds established within the trusts and chains are particularly strong, and there is a good exchange of practice and mutual support, but that the chains are competing with each other. There are various ways to engage in covert selection of students, for

example, as you just mentioned, or to poach staff, and those issues limit a system's ability to improve itself.

Q21 Austin Mitchell: What is the incentive for an academy that may be doing well and improving its results to improve the results of the schools around it as well? They are all in competition.

Russell Hobby: There is a moral purpose behind it. I think the majority of people who go into education wish to improve their schools without hurting the schools around them, and many—

Q22 Austin Mitchell: But they don't wish for the best improvement in other people. They want the best improvement in their own kids.

Russell Hobby: Yes, but I still think the kind of people who go into education are not interested in harming the children in the schools around them. There is a very strong moral drive in the people who go and work in the most challenging communities. I do think there is some outreach. I think Ofsted has plans to ensure that the "outstanding" category is only awardable if you are engaging properly with other schools to help improve them. That is to come in the future. Some of the academy funding agreements require them to engage in improving schools around them as well, but we have not properly defined engaging with other schools, so it can include a wide range of practices, from taking over another school to offering advice now and again.

Q23 Austin Mitchell: So you are happy with the degree of co-operation?

Russell Hobby: I think we need more, by and large. The difficulty is that as the local authorities' funding and budgets are cut, schools are very often standing by themselves. It is the exchange of practice between schools—finding out what one school is doing that is working, and getting that into other schools—that will improve the system. If you have 21,000 schools without enough bonds between them, I think that will be a very slow process, but that is not the fault of academies versus maintained schools; it is a problem in both those sectors.

Q24 Austin Mitchell: One question for both of you: what, in your view as head teachers and governors, is the best way of turning round a failing school?

Russell Hobby: It depends on why it is failing. The first thing that you have to be able to do is diagnose the cause of the problem. Schools fail for many reasons. Sometimes it can be poor-quality teaching and leadership, in which case a change of personnel is the answer. Sometimes it can be poor processes and procedures. I think the best way of turning round a failing school is not to wait until it is failing. The price of failure and the trauma of the change required are extremely high then.

One of the flaws in our current system of oversight is that because we have so few people monitoring such large numbers of schools from such a distance, we are forced to rely on data. I think this came through in the NAO Report. If we wait until the test data is available to us, many years of a child's education may have gone by during underperforming, which is very late, and we will have to intervene more aggressively in the school, when we could have steered it earlier in a direction that would have solved the problem. Also, we will not pick up on the non-measurable aspects of school

performance. What happened in Birmingham in the so-called Trojan Horse incident shows that there are many more things going on in a school than the exam results tell us.

Q25 Chair: Are you talking specifically about academy chains rather than where the local authority still has oversight?

Russell Hobby: It feels that way on paper, but in many respects, because of the halving of school improvement resources in local government, many local authorities are no more able to offer detailed oversight of their schools than the Department for Education is for its own academies. That is, however, a stereotypical picture—there are local authorities that remain strong and have strong relationships, and there are others without. In many cases, a maintained school in a local authority that has cut its budget drastically is probably in a weaker position in terms of external support than a new academy within a chain of like-minded schools.

Q26 Chair: I want to know how your head teachers feel about two things. First, what do they think about general oversight, particularly the issue that once you are rated “outstanding” Ofsted never goes back? There are some data on that in the Report. Secondly, we now have a patchwork offer in most localities, with some individually run converter academies or whatever you call them, some academy chains, some local authority schools, and within that you will have some Church schools—it becomes rather more mixed. What impact does that rather more patchwork offer have on the ability of head teachers to offer the best education to the children in their care?

Russell Hobby: On a day-to-day basis, head teachers rather like an autonomous culture—they do not want excessive interference in their work, so it allows them to get on with the task. The trouble is that if they have not been externally challenged for a long period of time, what they consider to be normal or good practice may have departed from what is going on in other parts of the system. For example, you can see that the real challenge for improving standards is no longer in many of our cities, but in some of our more isolated communities in rural and coastal areas, where often there has not been significant personnel movement or challenge coming in. Although it can feel okay in the moment not to receive that external challenge, in the long run it is not healthy for the head or for the rest of the school.

Ofsted has plans in place to move to a slightly lighter-touch inspection of good schools, where HMIs can visit. I would recommend applying the same principles and process to outstanding schools as well. Not all my members in outstanding schools will thank me for saying that, but I think it would be healthy, particularly when you think of the infrastructure that is now being established around outstanding schools. For example, the teaching schools network, which is one of our major structures for spreading good practice, is resting on a school with an “outstanding” rating. If you lose that designation, it could be that the whole teaching school alliance will fall to pieces. There are a number of other cases about which you think, “If only someone had popped in two years ago, we might have been able to steer that school back on track.” Whatever the quality of the school, some level of external challenge is helpful.

On the patchwork provision, it does feel that although having diverse types of schools is very good, schools are now managed in many different ways with different people being accountable at different times. We have a system of regional schools commissioners, who are now acquiring more powers to oversee the academy framework, but currently they do not have powers to intervene with maintained schools, although it has been promised that they will after the election. The

territory of a regional schools commissioner is not the same as the territory of an Ofsted regional director, as I understand it, nor is it the same as the local government areas, so you do risk a balkanised system. Those schools that are well connected and confident will find their way through that; the concern is for those schools that just fall between the gaps of every single form of offer—who is spotting that before it is shown in exam results?

Q27 Austin Mitchell: To what extent is it a question of money? As you say, there is a patchwork quilt that means that some schools have bigger resources. The ones that went initially into academies have got massive sums, while the ones that came later got smaller sums. The local authority schools are not as well supported as the academies. To what extent is it a question of money? The pupil premium went some way towards compensating areas with tougher economic problems, but is that enough? I would have thought that improvement must demand more spending on resources and better pay for better teachers.

Russell Hobby: A self-improving school system, to use the phrase that is going around, is absolutely the right thing to do. If there is a problem to be solved in a school, another school somewhere has solved that problem. If you can connect the two together, that is exactly right. The trouble is that when we moved school improvement services out of local authorities into schools, we did not move the budget along with them. That budget went into reducing the deficit. We are expecting schools to help each other on their existing flat budgets as well.

It is hard to find really clear evidence of the link between resources and school standards; it varies so much. You get schools with very little income doing wonderful things and schools with a great deal of income that are coasting and struggling. One thing which complicates that factor is that we have one of the most arcane and complicated school funding formulae that you could imagine. It is not easy to see why one school gets a particular sum of money and another school gets a different amount. It can vary by huge sums depending on the area.

The pupil premium is an entirely sensible and simple way to try to direct funds to disadvantage, but it was put in on top of an unreformed basic formula system, which means that we are double-funding deprivation in some areas and neglecting it in others. There are schools with, quite frankly, more money than they know what to do with and other schools that are laying people off. There is a lot of confusion in the funding process. It ultimately comes down to your ability to attract and pay good teachers—I agree with that—but until you make sure that the schools in the most challenging communities have the most funds, we will not have a level playing field for competition.

Q28 Mr Jackson: When Mr Mitchell asked whether there was a link between resources and educational attainment, was the answer yes or no? That was not very clear in your monologue.

Russell Hobby: The answer is that we have not found a clear link. Common sense would tell you that resources have to kick in at some point and have that effect. However, we have had a system in the past decade or so where the school's ability to choose what to do has been strictly limited. However much money you have, you are following basic centralised instructions. In a world of greater autonomy, one would imagine that resources will start to play a greater role because you will be able to spend them in more locally appropriate ways. Whether that connection becomes clear, I do not know, but it will have an impact when it comes to teacher salaries—particularly school leader pay. We find that the risk of working in a school in a highly challenging environment is much

greater than in more stable areas. You have to be able to compensate for that in other ways. One way that they choose to do that is by salaries, but if the funding is not fairly partitioned so that those schools can afford to pay more, other schools can compete. We are starting to see that having an impact.

Emma Knights: Schools are now, by and large, funding their own school improvements. If they want someone to come in from outside and they cannot get another school to donate it to them, they have to pay. As Russell explained, that is simpler for some schools than for others. There are now some parts of the country where schools simply cannot find £500 in their budget, which is a very common fee for an educational consultant for one day.

There are other things. For example, when talking about improving the education of disadvantaged pupils, HMCI suggested that we ought to have smaller class sizes for those pupils. There are some schools in this country that simply cannot afford to do that; they do not have enough teachers on their rolls and could not afford to recruit teachers to do that. I agree; there are big research studies that show a link, but there are some obvious things such as those where schools are struggling to do what they feel they need to do.

Q29 Mr Jackson: I have one more question, which is linked to both your responses. Do you have an official policy position on the outsourcing of school improvements to academy trusts, or is your position that it depends on where the school and local authority is?

Russell Hobby: It depends on what the school needs. Outsourcing it to an academy trust is right in certain areas. One of the difficulties is that we speak of academies as if it is a single sort of intervention. Actually, I think that there are waves of academisation. The early sponsored academies with large degrees of funding and a significant spotlight on them have produced quite dramatic results, but we now have converter academies which, in some cases, can be a direct copy of the way the school was before, but with greater freedom. We then have sponsor academies. We also have stand-alone academies versus trust status. One thing that we are not yet clear on—this was in the Report and it is correct—is why some academies and chains succeed and others do not. There is a lot of speculation on that, but personally I think a small rate of growth and a tight focus on what you are good at are part of what the outstanding chains succeed on; but then again the Report did not find a lot of evidence for that in the data. So I would say in some circumstances where the chain is doing the right things it is absolutely a good way of improving it, but there are other solutions as well.

Q30 Stephen Phillips: I just wanted to go back to an answer that Mr Hobby gave earlier. The Department in terms of oversight tends to focus on educational performance almost exclusively, whether it is in terms of exam results or Ofsted inspections. I just wondered, first, whether you felt that was an effective form of oversight, both of you, and secondly what other indicators the Department might use that it currently does not use to identify failing schools more quickly.

Russell Hobby: I certainly believe that exam result data has to be part of the equation. If you do not have quantitative data in order to evaluate your performance, you are so open to interpretation and wishful thinking about why the performance is as it is, that it is extremely helpful to have that data. I think that one of the things that we neglect is that certainly in the primary sector the sample sizes that we are talking about make statistical analysis incredibly weak. If you are talking about a school where the cohort is 20 children, for example—year-on-year variation in results—one

or two children with a bad night before the test can shift you up 10 percentage points or more, so we over-rely on some of the data.

The other challenge we are seeing at the secondary level is that the methods of calculation and putting the statistical data together are just varying every single year, so we have taken speaking and listening out of the English GCSE, and we have taken best entry out and replaced it with first entry. The volatility of the results year on year is much higher, and you will see schools where their data will go up and down. What we really need is data to be the start of the conversation with the school, and someone to be able to go in and interrogate why the data is as it is.

Q31 Stephen Phillips: Educational attainment is part of it, then, but what else could the Department start to look at to identify failing schools more quickly?

Russell Hobby: I do not think there is any substitute for having someone locally who knows what is going on inside that school. I do not see how a Department can collect any form of quantitative data over 20,000 schools that will tell us whether there is extremism going on inside a school from the data alone. Somebody who knows that school, who has visited it on a regular basis and is able to say “Actually, the data is not telling the full story”—that has to be the answer. That may be an academy chain trust. That could be a local authority.

Q32 Chair: Could that come out of regulating—looking at safeguarding? Just taking up what Stephen is saying, that is a safeguarding issue, and if you looked at things like safeguarding or governance, or the other—I cannot remember, but there are three ideas that Tim has that we have got in the NAO Report—they might give you the hint that you have got a Trojan horse situation.

Russell Hobby: They might, yes, but periodic inspection, once again, may not get to the root of some of this. That gets where children’s lives and health are under threat.

Q33 Chair: I know: also the financial issues. If you look at finance, governance and safeguarding, wouldn’t that give you a better, whole picture? Might not that have helped with Birmingham?

Russell Hobby: I would think it would certainly reduce the number that slipped through the net, but I still think one of the challenges of education failure is that it can be subtle and long-term failure—it does not really show up very easily in any form of data, and snapshot inspections can look at the wrong things.

Q34 Chair: So you would have a fourth? Would you say, even if you are an outstanding school, “Do more regular inspections”?

Russell Hobby: Inspections yes, but you also need to be accountable to someone locally who can form a relationship with that school, whether it be a regional schools commissioner, a director of school standards or a local authority. There is that role for local oversight as well as these national interventions.

Emma Knights: One of the things that schools are really poor at doing is coming up with a strategy with strategic priorities. We use that word all the time. If you look at the three roles of governing boards, the first one is to set vision, ethos and strategic direction. Actually, as a school sector, we do it really poorly. Whether you are central Government, local government or Ofsted, you should be asking, “Can I look at your schools strategy?” We have been doing that and quite frankly they are really very poor. We are spending a lot of time working with our members trying to improve that, because then you get locally decided, locally set, locally monitored priorities, and if that is strong you need less oversight from other organisations above.

Q35 Austin Mitchell: Just a question on the experience with the governors, and what works best for turning schools round. I would have thought that we have a chicken and egg situation with governors. If the school is improving, people want to be governors, and if it is in a desirable area they want to be governors, but if it is in an area with deprivation, it is very difficult to attract governors. I remember we had a local authority primary school in Grimsby that had two asylum seekers as governors. They were deported, which left a great hole in the governing body. It is very difficult to get people to come forward to be governors. What part can governors play in turning their schools around?

Emma Knights: Certainly, if you have got a functioning governing board that is doing its job well, that would include having good people on it. We all ought to be making more of an effort to do that. The research shows that only about half of us know that we are really going out and recruiting the best people we possibly can. I take your point that it is harder in some areas, but we should try to do that more.

The big difference is having great school leaders. I would not go quite so far as to say that governing is a doddle if you have a great school leader, but it is a darn sight easier than if you have got struggling school leaders. Russell was absolutely right when he talked about earlier in the process if the governing board is strong, we will know when the school leaders are struggling, and we can support, develop and, if push comes to shove, replace them. That is absolutely critical. If, however, your governing board is dysfunctional—this is probably why I spent so much time at the beginning talking about interim executive boards—the powers that be need to be quicker, I suggest, at removing those dysfunctional governing boards and replacing them with IEBs. There perhaps is not enough speed and urgency sometimes in doing that.

Q36 Chair: Is there anything else that you guys think we should go over this afternoon?

Emma Knights: I thought that perhaps you were going to talk to us about conflicts of interest.

Chair: I think we will in the next session. Do you want say something about it?

Emma Knights: I want to say that our perception is that schools do not do this as well as the rest of the charitable sector, and we think there are a number of reasons for that. First, there are probably more opportunities for conflicts. Secondly, there is less understanding about what constitutes a conflict. I do not know whether that is because they are not regulated by the Charity Commission. The Charity Commission produces really good stuff on this, and if you work for a charity you tend to understand.

Finally, I think that the Department and the EFA are a bit obsessed with cost and doing things at cost, and about financial conflicts. In a way, that is self-defeating. The guidance says that if you are a trustee, you must not profit. Therefore, if you are in a tender situation, you are putting in a lower-cost bid than anyone else, so one could argue that you are exacerbating the situation. We think that the culture and the guidance on conflicts need to be changed so that people do not get themselves into that situation.

Q37 Chair: What do you think it should say?

Emma Knights: I think it should be much closer to the Charity Commission guidance, and I also think that there should be a lot more stuff about relationships. If you look at the fraud reports, almost invariably somebody is related to somebody else. I think there ought to be a much bigger warning bell about relationships, whether you are related to a member of staff or to another governor. There needs to be a higher bar on what is acceptable behaviour.

Chair: Thank you. That was very helpful. Many thanks for coming in and talking to us this afternoon.

Examination of Witnesses

Witnesses: Chris Wormald, Permanent Secretary, Department for Education, Sir Michael Wilshaw, Her Majesty's Chief Inspector of Education, Children's Services and Skills, Ofsted, and Peter Lauener, Chief Executive, Education Funding Agency, gave evidence.

Q38 Chair: Welcome. Thank you very much for coming. I particularly thank Peter Lauener, because it was a late invitation. On the back of the Durand report and reading the NAO Report, I thought it would be absurd to have a hearing without you here, so thank you for that. Can I make a plea to our witnesses? We have got a heck of a lot to get through this afternoon so it would be really helpful if we have short questions and answers. If I interrupt you, it is because I think you are trying to use the time to speak and not really answer. Let us have as tight answers as we can.

I am going to start with Sir Michael on a general point about all schools. One thing that the NAO Report tells us is that one in six schools—about 15%—have not been inspected in the past four years. When they looked at the schools that you had rated as inadequate in 2012-13, they found that 36% of those had previously been either good or outstanding. What do you take from that?

Sir Michael Wilshaw: That schools can improve without an inspection or formal intervention, if the quality of leadership and governance is good enough. Something like a quarter—

Q39 Chair: I think you have misunderstood my question. I am sorry to interrupt. Let me say it again. I think we will come to that very interesting area, which the NAO does report on. I was looking at the fact that one in six schools has not been inspected in the past four years. The Government have now said, as I understand it, that outstanding schools will never be inspected until a whistleblower or somebody emerges and there is a problem.

The NAO looked at your inspection results for 2012-13 and found—correct me if I am wrong, Tim—that of schools that were rated inadequate in 2012-13, 36% had previously been good or outstanding. What I am driving at is not so much what makes a good school, but the role of inspection—hence you—and whether not inspecting schools for a long period is a good idea, or whether this direction of travel of not inspecting outstanding schools is the right way to go.

Sir Michael Wilshaw: Not inspecting schools for a lengthy period of time is not a good idea. Over 60% of schools are good; 20% are outstanding. We made it clear that five years between inspections for a good school is too long. A lot can happen in that time, as we all know. That is why, as I suggested, we are going out to consultation between now and September 2015 on more frequent and shorter day-long inspections. Those would be led by Her Majesty's inspectors into good schools for one day, with half a day given over the following morning to parents and governors. That would be just to sense whether that good school remains good or not.

We have something like 800 schools that decline from good to less than good each year. If our system is going to improve radically, the inspectorate and others have to identify decline much more quickly than we do at the moment. That is why we are moving to a different inspection model of good schools in September. I would just add to that by saying that if inspectors see steep decline, then they will call for a full inspection with more inspectors coming in.

Q40 Chair: Perhaps Chris can tell us. The policy on outstanding schools is that they will not be inspected. You shook your head when I said that. Am I wrong?

Chris Wormald: No. Only about the bit that that is now the direction of travel. It was set out in the 2010 White Paper and was in the 2011 Act and was implemented by regulations in 2011, so it has been the situation for some time. I was not disagreeing factually with you, no, only with the timing.

Q41 Chair: To bottom that out, you have concerns. If we look at the Trojan horse issue in Birmingham, two of those schools were outstanding, weren't they?

Sir Michael Wilshaw: Yes, and they declined very quickly to inadequate when we went in.

Q42 Chair: What should we have done to intervene more quickly, accepting the resource constraints, because that is part of the reality in which you have to operate? In an ideal world, you would like to be given the power to inspect outstanding schools.

Sir Michael Wilshaw: Yes—

Q43 Chair: With a very light touch. What could have happened in Birmingham that would have got us involved a little bit more on the two outstanding schools?

Sir Michael Wilshaw: Local oversight is absolutely critical. Inspection can only do so much. Even if we inspected more regularly, we can only pick up so much. If it is a local authority school, it is really important that the local authority has a handle on what is going on between inspections. If it is an academy or free school, the Department should have a handle on what is going on. Those schools

in Birmingham were outstanding. One school went from 20% five A* to C to 80%. We looked at the evidence base that formed that outstanding rating and it was secure. Once that school went into the outstanding bracket, the governors saw that they had the opportunity to do what they eventually did. That is why some organisation—whether the local authority or the Department—must have a handle on what is going on between inspections to pick up on things that are sliding.

Q44 Mr Burrowes: But since 2011, there has been no wide-ranging review of local authority performance to see whether they have the capacity for oversight of school improvement. The Department does not know.

Sir Michael Wilshaw: Well, in terms of school improvement, we do a bit of that. If it is school that is less than good, we have HMI on it, whether it is special measures or requires improvement, but we rely upon other bodies to do the school improvement process—

Q45 Mr Burrowes: But it is just 11 since May 2013?

Sir Michael Wilshaw: Eleven local authorities, yes.

Q46 Mr Burrowes: In 2011, 146 authorities were reviewed, with 80% showing areas of concern. Since then, we do not know whether they have responded to that or whether the situation is good, bad or ugly.

Sir Michael Wilshaw: We are going into the weakest local authorities, the ones that appear at the bottom of our league tables that we publish in the annual report every year in terms of local authority performance. We are going into the weakest ones to see what is going on. We not only go back into the underperforming schools in that local authority, but go into the local authority and ask questions of its school improvement service.

Q47 Mr Burrowes: We are learning from others, but we don't know which ones are doing well. That is for the Department to deal with. We don't know which local authorities are good at school improvement.

Chris Wormald: We know quite a lot. As Sir Michael says, he does inspect local authorities. We look at a lot of local authority data. Quite a lot of research is done on what local authority good practice does, but we have not done the kind of thing that you are describing. We have not done a full review of what the local authority landscape looks like, but we know quite a lot.

Q48 Chair: Can I just go back to Birmingham? I thought that you were going to go in and inspect all the schools. Have you decided that you are not now doing that?

Sir Michael Wilshaw: Inspect all the schools in Birmingham?

Chair: Yes. All the ones—

Sir Michael Wilshaw: We have inspected and re-inspected 21 of the schools in Birmingham. We are keeping a monitoring eye on all those schools that are in special measures or that require improvement.

Q49 Chair: Is it right that you think that there is still much poor practice going on unchallenged in some of those schools?

Sir Michael Wilshaw: I don't think we have seen the end of the Trojan horse issues, which is why I have been clear that Birmingham must step up to the plate and monitor what is happening in its local authority schools much more effectively. That is why the Department must ensure that the new trustees and leaders of the schools that we put into special measures do a good job.

Q50 Chair: The Prime Minister quite appropriately promised a robust response. If we are still getting too much poor practice—that is the assertion from Ofsted—what does the Department intend to do?

Chris Wormald: This issue was discussed extensively at the Education Committee with my Secretary of State, who set out exactly what the Department was doing. I think that Sir Michael is completely right. This story has a long way to go. If you read the Peter Clarke and the Kershaw reports into the events in Birmingham, a lot of what was going on went back for at least a decade if not more.

Q51 Chair: What are you doing, Chris? Let me repeat the question. What are you doing?

Chris Wormald: I was agreeing with Sir Michael. The biggest thing we did—you can look at the full range in the Education Select Committee hearing—was to appoint one of Sir Michael's illustrious predecessors, Sir Mike Tomlinson, to work with the local authority as a commissioner for the 19 local authority schools. He is doing that work intensively. For the academies, we have replaced the academy trusts that were running those schools, so we have action in place on all the schools identified by Ofsted and Peter Clarke. What I was agreeing with was, given the deep-rooted nature of the issues, it will take a while before we have put right all the problems.

Sir Michael Wilshaw: I have been to Birmingham on several occasions now, to talk to head teachers and governors and to go into a number of the schools that were the focus of the Trojan horse investigation. There needs to be a greater sense of urgency. It is astonishing that the local authority has not produced an action plan, and what they call their integrated plan to address the Trojan horse issues from March is still not in place after something like the 13th or 14th draft. I found it astonishing that in the Park View trust, the action plan had not addressed the key issues that we raised when we put that trust into special measures in May or June. My view is that these are very serious issues that affect not just those schools but others, and that the local authority, the trustees and the Department have got to act with much greater urgency.

Q52 Chair: Do you want to respond to that? I want to say something about Peter Clarke's words, which will take us on to the more general.

Chris Wormald: Sir Michael is right to call for urgency. A number of the things we need to do—certainly on the academies—unfortunately do take quite a bit of time, in particular around a variety of staffing changes. So I completely agree with his call for urgency, but unfortunately some of these things do take a while.

Q53 Chair: What do you mean? Sacking people and bringing new people in?

Chris Wormald: They are a series of matters for the trust, but there are a number of legal things that have to be gone through.

Q54 Chair: In the meantime, kids suffer.

Chris Wormald: Yeah, well, as you know, the law is the law.

Q55 Chair: Let me go to what Peter Clarke actually said in his report to you. One of the things is, “Whistleblowers have been important to this inquiry, both in giving the Department for Education early warning of problems at the academies and providing extremely valuable information to my team... Those whistleblowers had to take, and are still taking, risks in coming forward.” This is the key bit: “It is not right that the Department for Education and the Education Funding Agency should be so dependent on whistleblowers for spotting serious problems. The Department for Education should consider its response to complaints and whistleblowers regarding academies, and use its powers to investigate more quickly and effectively where allegations about governance are made.”

The reason I raise that is we have had this discussion in previous discussions with Peter Lauener. I do understand how, when you get a whistleblower, on the whole you respond, but it is not good enough—it is not a good enough system—to have academies assessed as being outstanding, therefore nobody goes in; very little oversight of the trusts from you and insufficient oversight of the local authority schools from the local authority; and you then just depend on a whistleblower, if you are lucky. All our experience here with whistleblowers is that you have got to go a really long way to have the guts to do it.

Chris Wormald: Yes. I will not shy away from it: this is a very big challenge. As Sir Michael has set out, two of the schools in question—two academies—had been inspected very recently and found to be outstanding. Where you have a situation as Sir Michael described where some things change very quickly, that is quite a challenge. Now—

Q56 Chair: But you only knew about it through whistleblowers.

Chris Wormald: Yes, in that case. As you know, we have changed our arrangements really quite substantially very recently, with the introduction of regional schools commissioners and head teacher boards, with the idea that we do have enhanced arrangements locally for how we look at schools in between inspections. Now, I am not going to promise anyone that that guards against some of the things we have seen, which, as Sir Michael has said, are happening very quickly indeed in schools that were judged very recently to be outstanding. That is going to be a challenge for any system of oversight.

Q57 Chair: How many regional commissioners do you have—nine?

Chris Wormald: Eight.

Q58 Chair: For how many schools?

Chris Wormald: About 4,500.

Q59 Chair: Do you think that is enough, Sir Michael?

Sir Michael Wilshaw: It is going to be a challenge. They have 15 local authorities each and thousands of schools, so it is going to be a challenge. We wait to see how they do and how they operate, but it seems to me fairly inevitable that if it is going to work well they have to work with local authorities, which should know what is happening closer to home—if they are a good local authority they will. They should work with local authorities but also with Ofsted regional directors as well, to make sure they know what is happening.

Q60 Mr Burrowes: It does not look good, when we see what was going on in Birmingham, given the risks and the urgency that is needed now to follow through with action plans. That is not happening. Despite the spotlight, the concerns expressed and the inquiries and reports, we still are not seeing urgent progress in that situation, let alone in all the others that do not necessarily come to light in such a grand fashion. What are the risks of the delay that is taking place because of legal processes? Sir Michael, what would you say?

Sir Michael Wilshaw: There are great risks. I was talking to my regional director this morning about other schools in Birmingham where she feels similar sorts of things may be going on. These risks are there, so Ofsted is relying on the local authority to monitor what is happening very carefully, produce an action plan and ensure that they have their ear very close to the ground on particular issues in particular schools. If my regional director knows that things are going wrong in a few schools, so should they.

Q61 Mrs McGuire: You mentioned the head teacher boards in passing. Could you describe the powers they have?

Chris Wormald: The head teacher boards are advisory to the regional schools commissioner. The regional schools commissioner exercises powers on behalf of the Secretary of State. They are not independent—they are civil servants operating under the Secretary of State—but they use the Secretary of State powers. The head teacher boards—

Q62 Chair: So they are not educationists?

Chris Wormald: They are. We recruited them individually to be education experts and they are extremely eminent people.

Q63 Chair: You have eight of these peak personages doing 4,500 schools, so they do not really know what goes on in schools.

Chris Wormald: They are each supported with a board of outstanding heads drawn from the local area, whose job it is to support the regional schools commissioner.

Q64 Mrs McGuire: That doesn't actually tell me what they do; it just tells me that they support. What does that mean? Have they got powers to drop into each other's schools and wander around the corridors to see what is happening?

Chris Wormald: The person who has the powers is the regional schools commissioner. They are advised by outstanding local heads.

Q65 Mrs McGuire: How do these outstanding head teachers get to know what is happening in schools that are not so outstanding?

Chris Wormald: They have all the normal sources of information, which include local knowledge, published inspection data, published performance data and their own knowledge of the evidence. We have not created a new inspections system to go with regional schools commissioners—

Q66 Chair: Chris, your attitude is schizophrenic here. If you look at page 19 of the Report, in paragraph 1.13 it says that you do not want local authorities to monitor academics proactively and they are not allowed to require academies to provide performance data. On the one hand, you say, "Don't get involved." Now you are saying that you have these excellent heads—in my authority I have so few of them that I want them to focus on maintaining those schools well rather than getting involved in other stuff—yet you want to improve the information and get a little bit more local knowledge. You cannot have it both ways. Let me restate it. If you do not allow local authorities to monitor academies proactively and they are not allowed to require academies to provide performance data, how can you, at the local level, with eight people, expect to have the sort of information to be able to intervene if things go wrong à la Birmingham?

Chris Wormald: Let's be absolutely clear. We were discussing the situation in Birmingham, where, as Sir Michael has set out, the local authority was not the answer to the question, "Did you know what was going on?"

Q67 Chair: No, because they are not allowed to. Let me repeat again: local authorities are not allowed to monitor—

Chris Wormald: There are short answers and there is allowing me to finish. Nineteen of the schools that Sir Michael looked at and had concerns about were local authority-maintained schools. I do not think the structure of the school in question was the issue in Birmingham; the issues applied to maintained schools and academies reasonably equally. So I do not accept that that was part of the issue.

Each regional schools commissioner is supported by a team of civil servants and by these head teacher boards. It is a system we have just put into place—it began in September—it will take a while to bed down and we will keep it under review—

Q68 Chair: I will just repeat again, Chris, because you have not answered the question. You do not want local authorities to monitor academies proactively—I am reading from a report somewhere—and they are not allowed to require academies to provide performance data. In that context, how on earth can all these brilliant head teachers, working with these eight commissioners, get the information they require to be able to intervene early enough to stop a school that might have been outstanding from starting to fail, or to spot the sort of Trojan horse—?

Chris Wormald: Sorry. I am really struggling with what the question is.

Q69 Chair: You don't allow them to get the data they need—that is the question.

Chris Wormald: You are talking about two completely different things. The role of local authorities in academies has been unchanged since you were a Minister; it is exactly the same.

Q70 Chair: No. I am talking about academies.

Chris Wormald: Yes. In terms of academies, the regional schools commissioner and the head teacher boards are not part of the local authority; whether the local authority does or does not have access to information is not a relevant issue. They have the same information that the Department has, which is—

Q71 Chair: Why can they not require it? If you want better local knowledge, these eight guys or women will have to work with local authorities to be able to spot what is happening in local schools. It is nonsense. All of us as constituency MPs know how our schools operate in our area, and somebody sitting in your Department for Education, or perhaps in the centre of London, will not know what is happening in a Barking and Dagenham academy school without that knowledge from the local authority. You do not allow local authorities to fulfil their role; you are preventing them from being effective.

Chris Wormald: In that we and the previous Government have followed a policy of taking academies out of local authority control—

Q72 Chair: I am not saying that at all; that is not answering the question. Sorry.

Chris Wormald: I'm terribly sorry. But I don't understand the question.

Q73 Chair: The question is you ought to enable local authorities to access the information they need, so that they can be another intelligent local player in the scene, working with these eight new people that you have recruited to try to spot things early.

Chris Wormald: Oh, I understand. That is a completely different policy by the one being pursued by the Government and, yes, there are people who advocated it, but that is a policy choice.

Q74 Chair: But you have responsibility for oversight and ensuring quality, Chris, and if you don't allow those tools to be used, you are not fulfilling your responsibility.

Chris Wormald: With respect, we set up the academy system under legislation and we implement that legislation. Could a Government change that legislation if they wanted to? Yes, they could, and they could follow a series of other policies. We apply the legislation that we have.

Q75 Meg Hillier: I am quite interested in this issue around the cost of interventions, but before that I can perhaps unpick these head teacher boards. First, local schools commissioners, what are they paid?

Chris Wormald: They are paid as civil servants, so they are paid on the director pay scale.

Q76 Meg Hillier: So, roughly?

Chris Wormald: Normally, probably £100,000-plus.

Q77 Meg Hillier: And then they have a team of civil servants, so there is a cost to the set-up of that office and premises. Roughly, what is the cost of these eight?

Chris Wormald: I don't have the cost off the top of my head.

Q78 Meg Hillier: Hopefully, you can write to us with that.

Chris Wormald: I can find it for you, but it is all found from existing departmental resource.

Q79 Meg Hillier: So they are people who would otherwise have been in the Department, you are saying, effectively?

Chris Wormald: They are undertaking the roles that the Department previously undertook centrally, and we have found the resource from within existing departmental budgets.

Q80 Meg Hillier: Okay. Right. So they are not costing anything—

Chris Wormald: Sorry. Obviously they cost, but we have found the resources from within the Department; there are not any additional resources.

Q81 Meg Hillier: The NAO is quite critical about you not understanding the costs of different interventions. With the head teacher boards, you are going to get one head teacher from each local authority area, or not even that many—I am trying to work out the maths—as your eyes and ears on the ground.

Chris Wormald: There are eight regional commissioners and about 50 members of the head teacher boards.

Q82 Meg Hillier: Fifty in each area?

Chris Wormald: No, in total.

Q83 Meg Hillier: Okay. So they are covering at best one local authority area—one head teacher is supposed to know what is happening in their area from gossip on the ground? Is that the structure?

Chris Wormald: As I said, this is a system we have just introduced, and we will keep it under review. Just to be clear, we have gone from a situation where, prior to the introduction of regional schools commissioners, we did all these roles from Whitehall. We have now significantly enhanced the system with regional schools commissioners, and we will keep it under review as the academies programme develops.

Q84 Meg Hillier: Okay, we have heard that. The key thing is, though, that it would be quite a challenge for one head teacher in Hackney—say, Sir Michael, when he was in Hackney—to know everything that was going on in every primary and secondary school.

Chris Wormald: We are not asking the head teachers to do that. They are advisory to the regional schools commissioner. The Department has at its disposal a range of data, as it always has, on school performance and inspection, as well as all the financial information the EFA collects. That will be the main source of information.

Q85 Meg Hillier: So you are saying it is too early to have done an analysis of whether this approach is cost-effective?

Chris Wormald: Absolutely. It has been in place for two months.

Q86 Meg Hillier: So will you be doing an evaluation?

Chris Wormald: As I say, we will be reviewing this model as we go.

Q87 Meg Hillier: Will you be looking at the cost of local authorities doing it versus the cost of this model? In my borough, the Hackney Learning Trust is now part of the local authority, having been outside it, and they know exactly what is going on in every school, because they make a

particular point of having that relationship with the family of local schools, whether they are academies, free schools or whatever. If they are doing that—if you have a good local authority—having a regional schools director is a bit superfluous.

Chris Wormald: Except that you are talking about two different categories of school. Hackney Learning Trust does that for its maintained schools—

Q88 Meg Hillier: No, it does it for every school. The family of Hackney schools all co-operate with a regime that means that there is a connection with the council. That is a very important priority locally.

Chris Wormald: And there are a number of local authorities where they and their academies work that way. The regional schools commissioners are very specifically exercising the powers of the Secretary of State in relation to academies.

Q89 Meg Hillier: Have you done any analysis of the patchiness of this? I have had issues with academies—for instance, on whistleblowing—but going to the regional director if there is a problem is quite a long way to go, whereas doing things much more locally is quicker and less bureaucratic, and things can sometimes be nipped in the bud at an early stage. The system that has been created seems to be adding more layers of bureaucracy at each step of the way, rather than working with what is already there, which is the local authority set-up.

Chris Wormald: There are people who make that case, but that is not how we see it. What we are trying to create here, as we have discussed with the Committee before, is a system of autonomous schools that largely get on with things themselves. The question we ask ourselves is, what is the minimum that we need to maintain oversight of that system so that we can spot where things will go wrong without undermining the basic principle of the system we are creating, which is that it is the autonomous school that gets on with things? Now, I know you are arguing for a different model of school improvement, and there are a number of people who do, but that is not where the Government is.

Q90 Meg Hillier: We have an elected mayor in Hackney. He has put a high priority on 70% of children in my borough getting five A to C GCSEs including maths and English by 2018. He is, effectively, the local schools commissioner, because he has set a clear tone to everybody working in education in Hackney.

Chris Wormald: I am not going to comment on that, because you obviously know a lot more about Hackney than I do.

Q91 Meg Hillier: But I am saying that that is strong leadership from someone who is elected and accountable.

Chris Wormald: As I said in my letter to the Committee, there are two models around the world of how you do school improvement—

Chair: I do not want to get on to that at the moment. I think it is an intellectually incoherent letter. We all believe in autonomy, but autonomy requires good regulation. What we are testing this afternoon is the regulation.

Q92 Meg Hillier: May I go to the issue in the NAO Report on the effectiveness of interventions? In paragraphs 14 and 15 on page 9, it is pretty clear from what the NAO has uncovered that the Department does not really know about the effectiveness and costs of different interventions. We are looking at value for money here, and this worries me. For example, according to paragraph 15, you have looked at the grant approach, but you have not collected data on the costs of other interventions—that is highlighted in more detail in paragraphs 3.20 to 3.25. Why not? Shouldn't that worry all of us? If you or your commissioners are going to be the monitoring body, the data is not there to do that.

Chris Wormald: There is undoubtedly more we can do in this area, but largely we look at the effectiveness of the interventions that we carry out and then we evaluate over time. We do have—even if you did not like my letter—a large amount of international evidence on what the most effective things are.

Q93 Chair: Have you got any evaluation in the UK? That is the main criticism of the NAO Report. Where is the evaluation of your interventions to show us that you are getting value for money in the UK?

Chris Wormald: A number of the studies that I pointed to in my letter were in the UK. We also do analysis, and have done for many years, of academy results versus other results. There are a number of studies of school intervention.

Q94 Chair: Can you point us to an evaluation of intervention and oversight in the current regime in the UK that shows value? Can you point to one for me?

Chris Wormald: There are a number of studies about the effectiveness. They are in my letter.

Chair: Name one.

Q95 Mrs McGuire: Can I say while you are checking that there is no such thing as a British academy programme?

Chris Wormald: I think I was quoting from research.

Mrs McGuire: For the sake of clarity.

Chris Wormald: I was quoting from research. That is a mistake. I was referring to the British Government—

Mrs McGuire: There are four different education systems within the UK and we need to be clear which one we are talking about.

Chris Wormald: I think—

Mr Jackson: They are all still British, though.

Mrs McGuire: Even since 1707 we have had different education systems.

Mr Jackson: I am well aware of that.

Q96 Chair: Let me put one to you that is mentioned in the Report. The Sutton Trust is a highly esteemed, totally non-partisan organisation that I have had a lot of time for down the years. They have done a lot of good work. They looked at the sponsored academy chains. Their conclusion is mentioned in the Report. They did a very fair thing and looked at only those that had at least three academies and they looked at those that had had control of the schools for at least three years, so they could really judge whether there had been any impact. Their conclusion was that there are five chains that are promoting high attainment for disadvantaged pupils, and indeed for pupils of all types across a whole range of measures; however, there are also some chains that are highly ineffective across a range of measures and are failing to improve prospects for their disadvantaged pupils. In their report, they actually name them, list them and measure them right across a whole range.

That to me is clear evidence, which I did not see in your letter, of the sort of data you should be looking at to decide whether our system of oversight is sufficient to ensure we really improve the quality of education for children, wherever they are educated in whatever sort of school.

Chris Wormald: Yes. As you say, the Sutton Trust is a highly reputable organisation, and we take its views very seriously.

Q97 Chair: So what are you going to do with that?

Chris Wormald: I will ask Peter in a minute to explain what we are doing around academy chains, where, as the Sutton Trust rightly point out, there is variable performance. If you want a single piece of evidence about our system, I think probably the best is that which the OECD and Andreas Schleicher gave to the Education Committee on the English academy programme.

Q98 Chair: That was across the system. I am looking specifically at the academy chains.

Chris Wormald: We are talking about two slightly different things, but you wanted a single piece of evidence. We do not disagree that the performance of some academy chains has been variable. There have been a number that we have taken action on, which Peter could describe if that would be helpful.

Q99 Austin Mitchell: Why not allow Sir Michael to inspect the academy chains in the same way as he would with local authorities?

Chris Wormald: This is a long-debated question. The other thing that I thought it would be helpful to copy to the Committee was the Secretary of State's letter to the Education Select Committee, which sets out the Government's position on that.

Q100 Austin Mitchell: Sir Michael clearly wanted it. We have your letter to the Minister, and the last paragraph states that "my preferred approach was to publish an inspection framework" for the chains that "would have set out the principles and inspection methodology, ensuring transparency for everyone." You have obviously written that through gritted teeth, Sir Michael. Why would you have wanted to inspect the chains?

Sir Michael Wilshaw: I wanted the same powers as I have for local authority school improvement services. I have discussed that with the Secretary of State and with the Department as well. I accept that the Secretary of State has a different view; she feels that my existing powers are sufficient. What we are going to do is we will continue with our inspection of academy chains—we have inspected four underperforming ones up to now, and we will do some more after Christmas. We will choose a batch of underperforming schools within that chain and interview the head teachers of those schools and the chairs of governors; we will also ask the chief executive of the academy chain to answer various questions that we want to put—the same sort of questions that we put to the chief executives of local authorities. I am sure that they will be co-operative, that they will come along and answer those questions.

Q101 Austin Mitchell: Will you get enough information from the batch to comment on the effectiveness of the chain?

Sir Michael Wilshaw: Yes. We will know how those schools are doing and we will know what the head teachers are saying about the level of support and challenge they are receiving. On the basis of that, we will want to see what the central services are doing to support and challenge. I am sure they will co-operate. A situation may come up of a chief executive saying, "Where is your framework? Have you gone out to consultation on this? Why did I not know what sort of questions you were going to ask me?" That is when I have to review it and talk to the Secretary of State about that sort of issue.

Q102 Chair: I will come to Peter in a little bit, but I want to ask you one question, Sir Michael. You ran a fantastic school. It was a terrific academy, and those of us who were outside the catchment area desperately tried to get our kids in there and never did. You know what works. When we look at where we are in the development of academies, more than 4,000 now exist. It is fantastic. The growth between 2011-12 and 2012-13 is massive, looking at the Report. What do you think that has done to education? There is a growing body of evidence on failing academy chains, failing academies and whether converter academies improve things. What do you think has happened? What is your take on that? Have we gone too far, too fast? Have we tried to do it too fast?

Sir Michael Wilshaw: Just very generally, on the whole issue of autonomy, I come from an academy background, and the reason why I applied to become an academy principal was that I wanted more autonomy, not less. I am very much in favour of giving schools the power, resources

and autonomy to do what is necessary. I think that the academy programme has energised the system by bringing in different providers and expertise from outside.

Some of these academies have gone into the toughest schools in the most difficult areas—in Hackney and elsewhere—and improved them. We, the Department and the regional commissioners have to ensure that that steep trajectory of improvement in those toughest areas continues. We are seeing a bit of plateauing with that at the moment, and some sliding back into “requires improvement” and underperformance. It is really important that the improvements we have seen in the toughest areas continue.

At the end of the day, it is about leadership. Schools improve when they have good leaders, academy chains improve when they have good chief executives and local authorities do well when they have similarly good leadership. The big challenge for our country, particularly if there is a more autonomous system, is to develop great leadership in our schools. As somebody who has been in the game for a long time, I have to say that up until now we have done it really badly. We must identify talent early on. If we were a Marks and Spencer, a BT or a big corporation, we would identify our potential leaders at an early stage, invest in them, train them and put them into leadership positions when they become vacant. However, we do it in an amateurish, unprofessional way. If we are going to improve our system as it becomes much more autonomous, we need a system for fostering better leadership in our schools.

Q103 Austin Mitchell: What causes them to go off? You told us about improvement, but if the outstanding schools are subject to only light-touch inspection, they can go off, can't they?

Sir Michael Wilshaw: Autonomous schools, particularly if they are isolated and stand-alone institutions, are vulnerable because there is no one there to support and challenge them if there is a weak sponsor or weak trustees. There is no one there to spot decline, and challenge and support them when necessary. That is the great danger.

Q104 Mr Jackson: What can they do if that happens? I discern a slight difference of opinion between you and the permanent secretary. I have an example in my constituency of a very large academy. It was one of the first-wave academies, which were subject to the Education and Inspections Act 2006—I think that was the legislation. It was very difficult for the local education authority to take any practical action on its reduction in attainment and the poor quality of its leadership. I hear what you say, but what is the answer? Do we need to look again at the legislation for the first-wave academies? You identified the problem, but what is the practical way of dealing with it? The academy in my constituency had a weak sponsor and, frankly, a pretty weak governing body.

Chris Wormald: I don't think Sir Michael and I disagree. We have worked together for a long time and we don't agree on everything, but on this we do. The nature of the challenge was different a decade ago. When the previous Government first introduced floor targets in 2003, it was for 20% of pupils to get five A to Cs, not including English and maths. At that point, there were 112 secondary schools at that level. There are currently zero, and the floor standard is 40% of pupils to get five A to Cs, including English and maths. Successive Governments and chief inspectors have raised the bar of acceptable performance, which is a great success of the whole system and everybody who works within it.

Our challenge now is not the types of schools that we dealt with in the 1990s and 2000s, but the schools that are sort of okay and are coasting slightly—those that Ofsted, prior to Sir Michael's reforms, counted as "satisfactory". That is our big challenge. The biggest single thing that we have done is Sir Michael's changing those schools to "requires improvement", rather than satisfactory. That is also why we changed the wider accountability measures.

I don't accept the language of slipping back, because we are nowhere near where we were when the system began to take school improvement very seriously. It is a different type of challenge.

Q105 Mr Jackson: These things take time. That is the key thing. You correctly analysed the problem, but you didn't come up with a solution except to say, "We'll deal with it." If the principal of an academy is failing, it can take two or three years for that failure to become apparent, which will have an impact on educational attainment. My question to you is: do you need to change the legislation to take tougher action in the case of that first wave of academies?

Chris Wormald: It is not up to me what the legislation is. I do not quite agree with you. It does take a while to identify failure, but that is because it is frequently very difficult in education to establish good lead indicators as opposed to lag indicators. You did not ask Russell Hobby this question, but one concern of both the big teacher unions is exactly the opposite challenge. In their view, heads do not have sufficient time to turn a school around before we intervene. It is not a straightforward argument. I recognise your challenge as being exactly the right one, but there is not a simple solution. All the quantitative data that we have about the schools system are lag indicators. We do not have a lead indicator on which we could take that kind of action. It would be lovely if we did, but we do not.

Q106 Chair: The NAO Report suggests three things that you could look at: financial competence, safeguarding—

Tim Phillips: And the quality of school governance.

Q107 Chair: You may have better ideas than the NAO.

Chris Wormald: A lot of this Report was areas where Amyas and I do not agree, and we have talked about them. It would be great to have lead indicators in those areas. At the moment, we do not. No one in the world does, as far as I know.

Sir Amyas Morse: What is so disappointing is where we go from there. We do not disagree about very much, to be quite honest. It would be really great to try to develop them instead of just sounding quite happy about the fact that we do not have them.

Chris Wormald: I am not happy about that fact at all. I am perfectly happy to look at whether those are possible. However, just saying that we need a lead indicator on safeguarding does not wish one into existence. A lot of people have looked at this question and it is extremely difficult to come up with a lead indicator on safeguarding.

Q108 Chair: It might be, but if you had had something on safeguarding, you might have twigged what was happening in Birmingham.

Sir Michael Wilshaw: That is exactly right. I remember the leader of the council in Birmingham saying, “Why should I know anything about the academies in Birmingham? They are nothing to do with me.” Yes, they actually do have something to do with you, because you are responsible for safeguarding in those schools.

Chris Wormald: Yes, I completely agree with Sir Michael. I am making a slightly different point, which is that no piece of data currently exists which would give you a lead indicator on safeguarding.

Q109 Chair: There might not be a lead indicator but everything you do is judgment. This whole Report is filled with your judgments about when and how to intervene. Stewart quite rightly asked how we can identify earlier where a school is starting to go wrong. It does not mean that you get one indicator as a measurement of safeguarding, but you look at the safeguarding capability.

Chris Wormald: Sorry, I am not disagreeing with the challenge you make, but you are stereotyping my answers. Yes, we do want to look at all those things. I am saying that it is extremely difficult and that we have found no one anywhere in the world who has cracked those things. I accept that that is exactly the right challenge. I am saying that it is not a quick fix to create that system. I do not think we are actually as far apart as you are making out.

Q110 Mr Jackson: I do not think you are understanding the basic concept—people in my constituency would probably elucidate this more pithily than me—that it is public money. Why do you wait three years? I will not name the school, but in the example that I mentioned, that school was performing at 28% below the national average for maths within about three years. I am a very strong supporter of academies. You do not hear me saying this very much, but it was one of the best things that the Labour Government did. One of the best things that Tony Blair did was introducing academies to drive up standards and help children in lower socio-economic groups to meet their potential. I am not against academies, but the point is that there must be a way to quickly spot and firefight poorer performance. I see it from a different point of view. I am not anti-LEA. Some LEAs do have the local knowledge and could assist the Department, but do you need regulations to change this rather than primary legislation? Children’s education is suffering in those two or three years.

Chair: I’m going to bring in Peter to answer the question because he has had his hand up for ages.

Peter Lauener: Thank you, Chair. I have been trying to get in to say something about data, because I think that, in the end, a lot of this is about data, how data is used, and how you get as much early warning as you can in an imperfect data world.

Over the past year we have been developing what we call a risk-assessment tool—we have been putting all the data we have into a tool. We use data on budget forecasts—whether an academy is in deficit—and on the timeliness of returns, which has been much discussed in this Committee, because basically we think that if an academy is getting its returns in on time, it is going to be well organised and well managed. And we obviously look at education performance and what Ofsted is saying. We look at pupil numbers and whether they are going up or down, and at any soft

information we have from investigations and from whistleblowers—another issue that we have discussed in this Committee. We are looking at other data sources, such as whether there is churn in trust governing bodies—you might want to ask me about it later, because this Committee has taken a great interest in that. We are compiling data on when there are changes in trustees, accounting officers and so on. We are also looking at the number of complaints that we get about academies.

We are putting all that into a risk assessment process—a data-analytic not dissimilar to the kind of tool that financial sector companies use to generate not the answer but a series of data points, or of academies, that come out looking a bit odd and in need of another look. We would then sit down with the regional schools commissioners and ask whether they had any other relevant soft intelligence. We are working towards the kind of system that Committee members are talking about, but we have quite a bit to go on.

I would like to make one last point. One example of a dataset that we have been looking at recently is parental preference—if a school is not doing well, parents are going to move their first preference away to other schools. We have just got data on that and there is quite a strong correlation with later financial deficit problems, so that is a big one for us if it will give us advanced warning of upcoming deficit problems. That is the kind of thing that we are doing to try to improve the data underpinning for everyone in the system.

Q111 Chris Heaton-Harris: There are other tools, aren't there? The Sutton Trust paper that Margaret referred to has a graph showing whether academies have below average attainment but above average improvement, or vice versa, so you can plot these things. Although I understand Mr Wormald's point about safeguarding, I do not really agree with there being any other reasons, because you, Mr Lauener, should be able to spot the finance rule issues, and the academic issues are pretty much there for everyone to see.

Chris Wormald: I agree with that entirely. I think we are talking at slightly cross purposes. I was making a specific point about safeguarding and then a separate point that although everything that you say about the analysis result is true, it does not give you a lead indicator, which is what I was discussing with Mr Jackson. It tells you how the school has performed in the past, and we have very sophisticated ways of analysing that. Mr Jackson was asking what I think is a very fair question: can we do work on predicting where results will go in future where that has not yet shown up? I think that was his point.

Q112 Mr Jackson: Yes. Rather than a draconian measure at the end of a process, which is very difficult and destabilising for the school environment, I was talking about a remedial and incremental process to try to head off trouble for the future.

Chris Wormald: That is an extremely fair challenge. I was merely making the point that, given that what we have is exam results that happen at the end of the process, it is an incredibly difficult thing to do. Nevertheless, the challenge is fair.

Sir Amyas Morse: I have spent most of my career running organisations, and of course you do not always know what indicator will tell you what—it is not a perfect world. There is a point at which you have to get out of the research room, take it out there and say, "I do not know which one of these will work, but there are a few of them, so we will put them out there and see which ones light up and work as lead indicators." You have to get on with it a bit rather than say that it is too

difficult. It is never impossible to find something that tells you when things are going wrong. You just have to take a basket of indicators—very much as Peter is talking about—try them and see which ones tend to be reliable in which circumstances. To be quite honest, the thing is to get out there and do it and see what works.

Chris Wormald: I agree with you 90% of the way on that. I specifically do not agree with you about safeguarding where the dangers of experimenting with lead indicators are—

Q113 Chair: Are you suggesting that nobody has a responsibility for the oversight of safeguarding in our academies?

Chris Wormald: No, I did not say that at all.

Q114 Chair: If you have got a responsibility, how are you going to execute it without having—

Chris Wormald: I was on the very specific point of whether you can create a lead indicator for safeguarding.

Q115 Chair: How do you exercise your responsibility, as a permanent secretary in the Department for Education, for ensuring safeguarding in all the academies and academy trusts?

Chris Wormald: Just to be very clear, we have not changed the statutory responsibilities for safeguarding at all. As Sir Michael pointed out earlier, it remains a local authority duty.

Q116 Chair: No, I meant in academies and academy trusts.

Chris Wormald: No, it remains a local authority duty to ensure the safeguarding of individuals, regardless of where they are educated, whether in an independent school, an academy or whatever.

Q117 Chair: But they're not allowed to have the information.

Chris Wormald: Their powers on safeguarding were set out in the 1989 Act and have not changed. They use exactly the same powers for safeguarding in independent schools, academies, youth clubs or anywhere a child is present, so I do not see that as the issue. I was on the very specific issue of whether you can create lead indicators for safeguarding, and was challenging Amyas's idea that you might experiment with some—

Sir Michael Wilshaw: Can I respond to the question about how to identify problems—the maths department is declining to such an extent—at an early stage and put it right before Ofsted inspects? We are criticising some very weak local authorities that are not doing a good job in terms of challenging and supporting those schools, but there are some very good local authorities with very little resource at the centre. They have understood that the money is not going to come their

way and that they will not have lots of people at the centre involved in school improvement because the money isn't there, and they are looking at different models of school improvement.

What they are doing is organising the local authority in terms of clusters run by outstanding head teachers. They are grouping the schools in groups of five, six, seven or eight with a very good head running them and monitoring them. The local authority—if it were a group of academies, it could be the regional commissioners—ensures that the right people are leading those clusters, identifying problems at an early stage and making sure that there is good co-ordination and that it all works. If that is going to be a national model in the future as we get greater autonomy in the system, Ofsted will have a role in ensuring that those clusters of schools are working by—

Q118 Mr Burrowes: But you don't inspect those good local authorities to help them then spread that good practice. You are telling us about it, but you have not been inspecting it.

Sir Michael Wilshaw: Unfortunately, our budget has been cut by £50 million. If I had some of that money back, we would do a lot more good practice surveys, but we have got to spend our money wisely.

Q119 Chair: Sorry, I must call the NAO. Then I will call Anne, then I will bring in Austin again.

Tim Phillips: I want to clarify something for the Committee. Chris is absolutely right, obviously, to say that the position of who is responsible for overseeing safeguarding has not changed—it is safeguarding in schools that local authorities oversee—but what we found in our analysis when we surveyed local authority directors of children's services was that 15% told us that they were not monitoring safeguarding arrangements in academies, and 15% told us that they would not intervene directly in academies if pupils' safety were threatened. It may be the case that that is their mistaken understanding, but we think that that is probably because of the very strong messages that have been sent to local authorities more generally about not overseeing and meddling in academies.

The other thing that I would add is on the local safeguarding children board, which has the responsibility for scrutinising safeguarding arrangements. The Department's guidance on keeping children safe in education makes it clear that academies must work with that board, but other guidance that we have seen also indicates that the board cannot direct a school to change its safeguarding arrangements. So it does seem to be unclear, in the case of academies, who would direct the school to change its safeguarding arrangements.

Chris Wormald: We are talking about two slightly different things. Your finding on local authorities surprised me, particularly as the situation has not changed since 1989 and local authorities are just as able to read an Act of Parliament as anybody else. It is very clear that—

Q120 Chair: You're responsible in the end, Chris, for making sure they do.

Chris Wormald: Parliament has placed the responsibility for individual child protection elsewhere. It has placed it very clearly with the local authority.

Q121 Chair: You have no responsibility?

Chris Wormald: No. Under law, the responsibility for individual child safety is very clearly—

Q122 Chair: Obviously, but for the policy of a school?

Chris Wormald: What we have responsibility for—I am sure that we will debate this further on 8 December, when we will address the issue in much greater detail—is the overall framework of child protection. Academies have the responsibilities that the maintainer of any school has, to have appropriate systems in place. On the strict question of who is statutorily responsible for intervening when a child is in danger, that is the local authority working with the other statutory agencies. It has been that way since 1989.

Q123 Chair: I am astounded by that contribution. Of course we are not talking about that. The individual child is obviously the responsibility of social services, but when it comes to ensuring that there is a proper policy and set of practices in place in schools—particularly academy schools, for which you have responsibility—I don't think you can say, "It's not me, guv. It is all for local authorities."

Chris Wormald: Sorry, I did not say that. It is very clear. Any maintainer of a school, whether an academy, local authority or independent school, has a set of responsibilities to discharge. If an academy or independent school is not fulfilling those responsibilities the Department has a duty to intervene. I am sorry; we are talking at slight cross-purposes. There is the individual child protection, where I would be very surprised if local authorities were confused. Then there are the responsibilities of the maintainers of the school, and us as the regulators of two parts of that, academies and independent schools, to act if there is a problem.

Chair: Anne.

Mr Bacon: Given that 15% of—sorry.

Mrs McGuire: I said that without moving my lips.

Mr Bacon: I do apologise. Because I was late, having been unavoidably detained, I did not see you there, Anne.

Q124 Mrs McGuire: Did you not? That is the nicest thing anybody has ever said to me. Can I ask a couple of questions, the first to Mr Lauener? In the letter that you kindly shared with us, which you sent to Graham Stuart as Chair of the Education Committee, you indicated that in terms of accountability the academies work under a framework that includes companies limited by guarantee, academy trusts that are also charities and academy trusts that are public sector bodies, and those elements overlap and intertwine. What work is the Department doing to ensure that

those who are involved in the academies understand the complexity of the responsibilities that they have under those three headings?

Peter Lauener: I would say three things. The first is that we have set them out as clearly as we can in the academies financial handbook, which for us is the core document. It sits alongside the funding agreement because it is designed as a ready-reference source and is a list of all the requirements that academies must fulfil. The second thing is that we engage in quite a lot of direct discussion with the auditors and financial directors of academies to ensure again that they understand these things.

Thirdly, we work with the associations, such as the Independent Academies Association, the National Association of School Business Management, which crosses maintained schools and academies, and FASNA—the Freedom and Autonomy for Schools National Association; I always have to think about that one. We work very closely with those associations, again because they are very good conduits to their members.

Q125 Mrs McGuire: Can I then ask, arising out of that, why the related party transactions have not been totally banned for the academy sector?

Peter Lauener: That is something that we debated at the hearing in March when we looked at the accounts and the Report on the EFA. Chris and I had very strong views.

Q126 Mrs McGuire: Forgive me, I have had a sabbatical from this Committee and I did not come back on it until April.

Peter Lauener: It is a very pertinent question, given the discussion at the March hearing, where the Committee expressed a strong view that we should consider banning related party transactions. We took that away and looked at it very carefully over the spring and into early summer. We discussed that with Ministers.

We did a very thorough piece of work ourselves on the academy financial statements for 2012-13 and we published a report last Friday about that. It set out that there were quite a number of related party transactions, but in all but 17 of those we were happy that the related party transactions were properly notified and managed. We have, however, set out a number of areas in which we are strengthening the arrangements that we are implementing. I wrote to the Committee about that in August. We will keep that very closely under review.

Q127 Mrs McGuire: So you are monitoring it very carefully.

Peter Lauener: Yes. We are monitoring it very carefully. The arrangements that are in place—maybe partly because of your point from my letter, that there are three overlapping arrangements—are more restrictive than in other sectors. We have not been able to find any sector where there are greater requirements for disclosure and that where there are transactions, they should be done at cost.

Q128 Chair: The charitable sector?

Peter Lauener: No, not at cost.

Chair: But it depends on how you define cost.

Q129 Mrs McGuire: If you are a trustee on a charitable body—forgive me if I can’t quote the exact legal requirement, but my understanding is that you cannot be a trustee of a charity and deliver services to that charity at a charge.

Peter Lauener: I will check again.

Q130 Mrs McGuire: My background is in the charitable sector. So it may be custom and practice—I am willing to accept that—but there may be a legal requirement as a trustee, because then you have a potential conflict of interest.

Peter Lauener: I would expect a charity trustee in any charity, including an academy, to absent themselves from any discussions about that.

Q131 Mrs McGuire: I am not talking about absenting yourself from the discussion, but about not being part of a transaction with an organisation of which you are a trustee.

Chris Wormald: I am pretty sure we looked and there is not an outright ban in any sector that we could find, including the charities sector.

Q132 Mrs McGuire: If you are pretty sure, I would like some authentication of your pretty sure-ness, because it certainly would be exceptional. I do not think I have ever come across a situation where a trustee on a charity is actually involved in a transaction with a charity, but I am willing to be contradicted. I am sure that the Department for Education has great minds.

Peter Lauener: We will check and write to you about that, but in the report that we published on Friday, annexe D lists a comparison of policies for publicly funded bodies about related party transactions, and it gives a lot of material, but I will write to you on that point.

Q133 Mrs McGuire: Thank you. Could I just ask one other question, with your indulgence, Madam Chair? Let’s go to NAO Report paragraph 1.5 and figure 1. It shows that secondary school children had a less than 70% chance of having a good or better school place, as rated by Ofsted, in more than one third of the authorities, and that one of the indicators that was taken was the number of children who received free school meals—11% in the outstanding schools and 22% in the inadequate schools. I am sure you will not be surprised by my question: why is the availability of good schools at such variance across the country—across England, in fact—and why are disadvantaged children still more likely to attend an inadequate school, given Stewart Jackson’s compliment that academies were initially established to provide support for disadvantaged children in disadvantaged areas?

Chris Wormald: Yes, and those academies improved faster than similar schools. That is not the same as saying we have solved the problem.

Q134 Mrs McGuire: I am not asking you to have solved all the problems. I am asking you why there is still a significant number of disadvantaged children twice as likely to attend an inadequate school.

Chris Wormald: Sorry, I am answering that question. The relationship between, unfortunately—again, the Sutton Trust has written a lot about this—deprivation and educational achievement is still too great. We still have challenges, and Sir Michael was describing some of them earlier, in terms of getting our best teachers and our best leaders to work in the most challenging places. Those problems are not solved yet.

Q135 Chair: Do you want to answer this as well, Sir Michael, because I think your insights would be interesting?

Sir Michael Wilshaw: First, poor children in some parts of the country do well, or much better than they were doing—those in Hackney, those in London. London children are doing very well, as are children in parts of Birmingham, and parts of Liverpool and Manchester. Poverty is not necessarily a predictor of failure, as it was years ago. One of the big issues is a demographic one: two thirds of youngsters in what we call the long tail of underachievement—free school meals—are from white working-class backgrounds. If we crack that one, we will go a long way towards closing the attainment gap. If you look at attainment levels in those areas where there are a significant number of that demographic, you will see that in many of those schools they have not closed that attainment gap.

If you read our report called “Access and achievement”, which looked very closely at the attainment gap, it makes all sorts of recommendations, including trying to get the best leaders and the best teachers—national service for teachers, we call it—into those areas, making sure that the pupil premium funding is well used there and also making sure that lethargic and complacent local authorities in those parts of the world get their act together, and that lethargic and complacent leaders get their act together. There are parts of East Anglia that should be doing significantly better with those children, and I made my views clear to a few of the head teachers not so long ago.

Q136 Mr Jackson: Peterborough had the lowest attainment of any LA for white British boys in receipt of free school meals in 2012, although it has got better now. The one group that you failed to mention, of course, is parents.

Sir Michael Wilshaw: I shouldn’t have failed to mention parents.

Q137 Mr Jackson: If children are turning up to school not socialised, not having proper conversations, not able to hold a pencil and not properly fed, it is not the fault of the teachers or the heads; it is the fault of the parents.

Sir Michael Wilshaw: I should say that the thing about those youngsters in London was that they had come from cohesive families. They may be poor, but they are very cohesive. They are very aspirational and ambitious. They want their children to do better than they did. That is not the case in some of these areas.

Q138 Mrs McGuire: What is the Department doing to try to rebalance the numbers? There is a high concentration of academy schools in some areas, and I think you are right to identify London, which appears to have been a great success story. But in other areas, as the NAO Report points out, there is just not the opportunity.

Chris Wormald: The single biggest intervention that we are making is, of course, the pupil premium. That is a significant investment in deprivation, as Sir Michael said. That will only have its greatest impact if people adopt good practice and do the various things that he was just describing. The second important part of the jigsaw is the work of the Education Endowment Fund, which works closely with the Sutton Trust, looking at what is excellent practice in closing the achievement gap. It has published a whole range of excellent research on what really works and what does not.

The issue you point to is one of the reasons why we wanted to expand the sponsored academy programme. As you say, it was very successful in London, so we are doing more of that. The final thing, which we have mentioned already, is that a lot of the schools that we are talking about—East Anglia is a good example—are those I was referring to earlier that were sort of all right in inspection terms. They are now in Sir Michael’s “requires improvement” category, whereas previously we called them satisfactory. That is all work in progress, and this has been a long-term challenge of the English education system.

Chair: I must stop you, Chris, because there are loads of questions.

Q139 Austin Mitchell: I want to ask whether we are too obsessed with exam results. We are not educating our kids; we are training them to jump through hoops for the greater glory of league tables. When it comes to judging what is a good school, the Department is obsessively concerned with exam results, which have been improving for years. Before we started this tarmacadamisation of the education system, the exam results were improving at a rate very similar to that today. All the things that go to make a good school—financial management, the quality of its governance, its relations with the community, its place in the community, its good governance and its safeguarding—the Department does not know enough about all that to make any judgment on it, so it bases its judgment, essentially, on exam success.

Chris Wormald: I make no apology for focusing on exam results. Some other work, I think by the Sutton Trust again, shows that the biggest thing that we can do in terms of social mobility and the issues that we were just discussing is for more and more pupils to get good GCSEs, progress to study to 18 and go on to an apprenticeship or to higher education.

Q140 Chair: You would accept, on those exam results—but let us get a specific one. Probably in your constituency, Richard, Ormiston Victory academy in Norfolk claimed that 73% of children were getting five GCSEs A to C; that figure crashed to 43% after taking out nail technology, etc.

Chris Wormald: We have changed, as you know, what counts in performance tables for 2014—I will not comment on the 2014 results, because they are not published. We did that explicitly to focus on the subjects that the Wolf review showed to have most value going forwards; that was a deliberate act of policy. I cannot comment on the individual result, but we very deliberately made the test for schools harder.

Q141 Chair: When are the new stats going to come out? This year? I thought it was not until 2016-17.

Chris Wormald: No. In terms of the 2014 results, I think they come out—

Chair: They will take out nail technology, horse grooming, blah blah blah.

Chris Wormald: All the playing out of the Wolf reforms and the reduction in what counts on the vocational side, that plays out in the 2014 results, which are not published yet. *[Interruption.]* I am sorry, Mr Mitchell asked me several questions and I have not answered them all.

I do not apologise at all for the focus on exam results. Of course that is not all that makes a good school, but you cannot be a good school unless you get good exam results, so I would agree that good schools also need to be doing the kinds of things that Mr Mitchell was describing. Of course the Ofsted inspection framework looks a lot wider than exam results and goes into those issues.

Q142 Austin Mitchell: But you do not know enough about the other factors besides exam success to make your interventions anything more than haphazard. Paragraph 3.5 says that “the Department had identified 38 academies as candidates for formal intervention, based on poor pupil attainment. We reviewed the performance of other academies and found that a further 141 had similarly poor performance but were not identified as candidates for formal intervention”. It goes on: “the Department had not applied its criteria consistently to determine when to issue a notice and when to take a less formal approach”—they do not know enough.

Chris Wormald: As the Chair noted earlier, there was an element of judgment in this and where I agree with the National Audit Office is that we have not been good enough at recording the basis on which those judgments have been made. But the answer is that we do not take a purely arithmetical approach to where we do and do not intervene. Essentially, regardless of whether it is an academy or a maintained school, we take a judgment as to, “Is this school capable of self-improvement?”, in which case informal methods of intervention are probably more appropriate, or, “Has this school lost the ability to self-improve?”, in which case we are talking about structural changes and changing the governing body, whether that be through an IEB or an academy, so we do make that judgment.

Q143 Chair: I will tell you what is surprising. One accepts that you make a judgment, but if you look at that paragraph, it is surprising that you intervened in so few. So 15 out of 38 that you knew about were all that you intervened in, and then the NAO found that 141 had similar performance levels, but in which there had been no intervention. We would accept a judgment, but it seems that you are not doing a lot.

Chris Wormald: As I think Mr Phillips said earlier, it is not the case that we do not intervene in those schools. What we do not do is a formal intervention; we intervene in an informal way, in ways that some of your colleagues were describing earlier.

Q144 Chair: If I take your figures, they are 38 plus 141, so you intervened in almost 180 schools, but where standards were not good, you only intervened in 15.

Chris Wormald: Formally, yes.

Q145 Chair: What do you think of that, Sir Michael?

Sir Michael Wilshaw: It is a judgment issue, and I suppose the key judgment is whether those schools have got the potential to improve through good leadership—

Chair: Fifteen out of 180.

Sir Michael Wilshaw: That is a decision that the Department will have to make on that—

Sir Amyas Morse: This is a charitable comment, but the Department acknowledges that it doesn't have very good records on this. You are just asserting that you did something with these other schools, but we don't have any evidence. You might not have done anything at all.

Chris Wormald: Where I agree with the NAO is that we have not been good enough at recording this. One of the things we are doing as part of the move to regional schools commissioners is a complete overhaul of how we take those decisions. There will be a much more formal and recorded process.

Q146 Chair: I am going to take two trusts. One is AET, and Sir Michael did an Ofsted on that trust by default. How many schools does AET run, Peter?

Peter Lauener: AET has 78, or something like that.

Q147 Chair: Seventy-eight schools. I will go on to deal with a trust in my constituency, but Sir Michael said in his letter that: "AET academies were not improving quickly enough, with too many continuing to be less than good... with eleven academies" —I don't know how many you looked at—"judged inadequate, the Trust faced a substantial challenge in raising the performance of its academies... around half of all academies inspected by May 2014 were less than good, a picture that had hardly improved since our December 2013 inspections when six of your academies were judged inadequate."

The letter continues: "Of the 12 academies inspected...one was judged to be inadequate; five... 'require improvement'; six were... 'good'; none was... 'outstanding'." Teaching "was not good enough to enable all groups of pupils to make sufficient progress". Governance that "did not hold school leaders to account or ensure action was taken" was also a weakness.

The letter goes on to say that "leaders did not know how the Trust intends to ensure that every academy is good or better... leaders did not have a clear understanding of the roles and responsibilities of governors and the Trust's board." That is a pretty damning Ofsted report. The trust has a large number of schools—I was trying to get you on to this earlier—and it has expanded very rapidly. It seems to me that it has bitten off more than it can chew.

Chris Wormald: We acted on that report, and it is probably fair to say that that particular chain, and indeed some others, were expanding too fast.

Q148 Chair: What have you done?

Peter Lauener: To save me from correcting the transcript later, the trust manages 76 academies. Ofsted has had concerns about standards, and in the EFA we have had concerns about financial management. Budget forecasts have been quite volatile.

Q149 Chair: Over three years, £500,000 was spent on the private business interests of the trust's trustees and executives.

Peter Lauener: They developed a proposal to contract out a lot of functions—

Q150 Chair: No, that's another thing—it is PwC. I was going to come to that. The trust has spent £500,000 over three years on the private business interests of its trustees and executives.

Peter Lauener: The point I was making is that we had significant concerns about the financial management, so we issued financial notices to improve. We also paused the AET—

Q151 Chair: What are you doing? This is a shocking indictment that brings it into disrepute.

Peter Lauener: No. 1, we have issued a financial notice to improve. No. 2, there has been a pause on the trust taking on any more academies. No. 3, we are discussing whether some of the academies in the chain might be better managed by other sponsors. No. 4, we have worked with the trustees to bring in a new chair to strengthen governance.

Q152 Chair: Are you taking any action on the fact that they are contracting out to PwC not just the obvious accountancy things but things such as speech and language therapy, educational psychology, education welfare, curriculum development and professional development? Do you have a view on all that?

Peter Lauener: The proposal to contract out a lot of services to PwC was one that we regarded as interesting but novel and contentious, and therefore one that required our agreement. We were not willing to give that agreement because of our wider concerns, so we put a stop to the proposal.

Q153 Chair: That is one that I think has expanded too fast. Let me take you to one in my own constituency, which has taken over a primary school, Dorothy Barley school. It is called REAch2. That school was not doing well. It has not been doing well for a long time, so I supported the intervention, although there was a very good local academy trust, which I think would have provided a service. You rejected that and you put in this organisation, REAch2, which I have been spending all my time trying to find out about.

I managed to get the chief executive to come and see me in the House of Commons, and when I asked him what his experience was, he had obviously run a good school in Waltham Forest. And then I said, "Where were you before that?" He was a head teacher in Islington. Well, surprise, surprise—I knew something about that. He could not remember the school that he was a head teacher of. When I then did some further investigation into it, it turned out that they had parted company, to put it in its most polite way. The papers have disappeared, because I have been trying to get them, but basically he was made to leave and there were some allegations around financial mismanagement, as well as quality allegations.

I gave your Department this information, because I thought it was pertinent to the decision. You went ahead and gave REAch2 this school and, more than that, in the last two years REAch2 have taken on 35 primary schools that they are looking after now, up and down the country. Given this guy's past history in Islington, I don't have confidence in him; I don't think you should, either. I don't know why you ignored the information when I gave it to you.

I visited Dorothy Barley school recently. He has been there since June and all I can tell you is that the vast majority of staff there are agency staff; there is hardly anybody there who is a full-time permanent staff member. And as you just walk around the school—I am not a teacher or an inspector, but I have a passion about education—it was difficult to find much on the walls, apart from the rules of behaviour.

Chris Wormald: I don't think either Peter or I know this case in detail, so we will need to go away and look at that.

Q154 Chair: It is one of the cases where, again, there is this pattern, which I think is where you bring the whole academy policy—a policy that I think many of us around the room support when it has worked well—into disrepute, because you have allowed a massive expansion with somebody, who—actually, he does run a good school in Waltham Forest; I will give him that. But beyond that, he was basically sacked from his previous job.

Chris Wormald: Right. Well, we will have to look into that and come back to you.

Q155 Chair: I did tell you, Chris; I mean, I told the Department. I had a session with the Department.

Chris Wormald: Yes, and what I am saying is, sorry, I don't have a briefing on that particular case and I don't think Peter does either.

Peter Lauener: I don't have any information on REAch2. It is not on our national concerns list. Indeed, it's generally well-performing—

Q156 Chair: Can you just explain to me the general thing, and maybe Sir Michael can, too? It is this thing about expanding too fast. I think you have got it in Academies Education Trust; I suggest to you that if Sir Michael goes and looks at a REAch2 school, you might find it there.

Sir Michael Wilshaw: Before I got this job, as well as heading up Mossbourne, I was director of education for ARK academies. The chief executive there and the board of trustees were very clear

that they would expand only when they felt they had the capacity to do so. They took on some very tough schools in London and elsewhere, in Portsmouth and so on. But they looked at each case on its merits and decided that they would take them on only if they felt that they could improve those schools and had the capacity to do so.

They have got an interesting model, and I think the good academy chains have got a similar model, where they put a good school, and hopefully an outstanding school, as a hub, to ensure that it is a hub for good practice for the other schools that they take on. So ARK moved into Birmingham, for example, and made sure that it had a school in Birmingham that was an outstanding school, which could help support and challenge other schools in Birmingham that ARK could take on. If ARK did not have that outstanding school, it would not have taken on more institutions in Birmingham. So ARK has a clear strategy, to ensure that it takes on only what it can sustain and improve.

Q157 Mr Bacon: That is very interesting, Sir Michael. We had ARK some years ago as witnesses, together with the United Learning Trust, and they were two of the most impressive witnesses we have ever had. But it may not be the case that all academy chains take quite that view, or are quite as well managed. We know it has happened many times in industry with different sectors. It has happened in the banking sector. It doesn't actually matter which sector it is. If you take on far too many widget manufacturers and acquire them at too high a rate or, as we saw with Royal Bank of Scotland, if you take on far too many banks and buy new ones at too high a rate and can't absorb them, there will be adverse consequences. The same is true in schools. Do you think that has been one of the problems—that some academy chains have been expanding too fast?

Sir Michael Wilshaw: Absolutely, and I think the Department would acknowledge that some chains grew exponentially without the capacity to make the necessary improvements.

Q158 Mr Bacon: Surely then, Mr Wormald, there sits on the Department the responsibility to say, knowing all the above can happen because it is an obvious risk, "No, you can't expand because you are not ready."

Chris Wormald: And that is exactly what we will be doing.

Q159 Mr Bacon: You mean after the event. How do they get to this point is my question. If you were doing your job in a timely way, how did they get to this point?

Chris Wormald: I will come on to that.

Mr Bacon: That was my question.

Chris Wormald: At this moment, there are 18 paused chains where we have taken the kind of action Peter was describing. We are not disputing at all—

Q160 Mr Bacon: Mr Wormald, I want to be clear. Mr Lauener mentioned 76 academies in the case of AET.

Peter Lauener: There are 76 academies within AET. The sponsors are 18 paused trusts.

Q161 Mr Bacon: I understand. I just wanted to be clear. My next question is: in relation to the other 17, making a total of 18—AET has 76 academies—how many are there in these 18 paused trust chains?

Peter Lauener: I don't have that figure.

Q162 Mr Bacon: You don't know?

Chris Wormald: The Department will know.

Q163 Mr Bacon: What I want to know is that if AET has 76 academies, then which is the next one you have paused and how many are there in that, and so on and so forth? If you add them all up, how many academies do you get to?

Peter Lauener: To give you an example of another—

Q164 Mr Bacon: I don't want an example. I want an answer to my question. How many academies sit within paused chains?

Peter Lauener: I can't give you that figure now, but we can supply it afterwards.

Q165 Mr Bacon: Hang on. Slow down. Why don't you know that figure? It is pretty elementary I would have thought. These are academies whose senior management—the body to which they belong—has been told they are not doing a good enough job, so they must pause. That is affecting a lot of academies by the sound of it. I would like to know and I think most members of the public, taxpayers and parents would like to know how many there are and how many pupils are affected.

Peter Lauener: We will write to you with the details.

Q166 Mr Bacon: I don't want a letter. I would like the answer today please. This is pretty basic information and you must know how many there are.

Peter Lauener: I'll give you an example of one of the significant large chains that we paused, which again is one that will be familiar to this Committee because we have discussed the chain performance. E-ACT is supposed to have been paused. We have also rebrokered eight of the E-ACT academies to other sponsors, so they have not just been paused. We have reduced the number of academies that E-ACT is responsible for because we thought that it needed to concentrate on core business in the right area, rather as Sir Michael was talking about, putting in place a sensible strategy in the way that some of the successful multi-academy trusts do.

Q167 Chair: Why did you wait for things to go wrong? Chris squirmed when I said it, but AET and where it is now is a terrible indictment, and there are 76 schools with God knows how many

thousands of pupils involved who are being badly served by us. I think this is where Richard is taking you. Why didn't you know earlier so that you could stop them taking over further schools? Why didn't you have a slower system of expansion?

With my REAch2, if they had had a school in the area, I would have been happier. Their nearest school was in Waltham Forest. It takes them an hour and a half to get from Waltham Forest to Dorothy Barley. It is nonsense to think you can use that to improve quality in a failing school.

Peter Lauener: It is clearly the case that we allowed some of the academy chains to expand too fast—

Q168 Chair: Why?

Q169 Mr Bacon: That goes back to my first question. I described earlier the scenario of expanding too fast and the obvious problems that can cause. Given that that is very obvious, why then did you not see, very early on, that these were expanding too fast, and stop it, very early on, rather than get to the point where you have this quite considerable number that you have had to pause?

Peter Lauener: That is 18 out of 645 approved sponsors, to put it in proportion.

Chair: But they all have a lot of schools.

Peter Lauener: We have been doing a lot of work to increase the number of sponsors, so that there is more diversification in the sector.

Q170 Mr Bacon: Can I just say, Mr Lauener, the point is not the 18. The point is how many academies we are talking about. Unfortunately, you cannot answer that question, so I am going to make up a number, and it will be the right one or the wrong one.

Let's say that each chain had 10. That would be 180. Some of them would be smaller than that and some would be larger. I know, let's double it—let's make it 360—then knock off a bit. We'll come up with 300—you will correct me if I am wrong, I am sure. So there are 300 academies where their top management—the organisation that they belong to—has been told by the Department that it is not good enough, with hundreds and thousands of pupils under that suffering potentially from less good results, less good teaching and less good management of the school than there could be, because you did not spot in time that these organisations were expanding too fast.

I do not know what the right number is, and I am slightly sad that you don't, either, but I am hoping that somebody in the room can get it because that is the point of this conversation: how many pupils and students in these academies are being affected?

Peter Lauener: To be clear, what they have been told is that they should concentrate on improving standards, and improving governance and financial arrangements, before they expand any further. That does not mean that all the academies in a particular chain are underperforming.

Q171 Mr Bacon: Not necessarily, no, but it does mean that they are not capable of handling all their responsibilities adequately at the moment, because if they were, you would not have paused them.

Chris Wormald: We are not denying that. That is why they were paused. On your question of what the course of events was, I think everyone knows that the Government took the view at the beginning of this Parliament that swift improvements were needed and that a very big expansion of the academies programme was required. In the early days of that expansion, the Government was taking the view that what it needed to do was get a lot of things going and then evaluate what was happening, and build on what was good and stop what was not so good. This was an area where we felt an in-course adjustment was needed, because as you say some chains were expanding faster than their capacity. I cannot give you a good answer as to why we did not spot it earlier, but that was the course of events.

Q172 Mr Bacon: That was already a very helpful answer, so thank you. Can I ask whether you know—you may not— how many, roughly, of the 18 and of the number of academies underneath them are primary and how many are secondary?

Peter Lauener: Again, we will have to come back with that. It is a mix of the two.

Q173 Chair: Can I ask a more general question? If the academy trust is supposed to provide that challenge and support to improve standards for its schools, why don't you make it a condition of the agreement that you sign with the trust that they provide it? Reading through the NAO Report, what constantly comes out is that you depend so much on whistleblowers, on relationships—it is too informal, and there is not a sufficient formal onus on the academy trust chains to take responsibility for improving the quality of schools in their chain. Why don't you make it a condition for the trust?

Chris Wormald: To be clear, we judge academy trusts—Sir Michael was describing this earlier—in exactly the same way as we judge anything else, by whether the schools are good. The ultimate test is the results of the schools and the Ofsted inspections of those schools, in the way that Sir Michael was describing.

The reason we have not set a hard and fast rule—and this has also been part of the reason why it would be difficult to set an inspection framework—is that the trusts are very, very different things. If you look at something like ARK, that is a big and established chain, but some of the other chains are two or three schools and are run by individual schools. We do not have a hard and fast rule.

Q174 Chair: Chris, that does not answer the question. All I am saying is that you sign an agreement—whether with ARK, with its however many schools, or with a little local academy trust—and you should put into that agreement, “You have a responsibility to support and challenge the schools in your chain.” It is as simple as that. You don't define how they do it, but—

Chris Wormald: The approach we take is that the chain is accountable for the results of its schools and we hold them to account for that. We do not mandate the process.

Chair: That is not an answer.

Chris Wormald: We mandate another bit of the process, which is that the schools have to be good.

Sir Michael Wilshaw: Children are children and schools are schools and they will improve with the right leadership, systems and structures. One of the things that the Department has got to do, in a local authority, is test whether it has got the right strategies in place. Who is going to do the monitoring? Who is going to do the evaluating? How do you collect the data? What are you going to do on training? What are you going to do on professional development? What are you going to do on a whole range of different things?

Once the Department is absolutely content that it has got all that in place, it should review that not once a year, but every few months to check that everything is on track. Part of the reason why these places have gone wrong is because it has not done much about the quality of leadership in the individual schools and it has not done much about the central leadership, either.

Q175 Mr Bacon: On the point of what is and is not being monitored, I would like to come back to the question on safeguarding that Tim Phillips from the NAO came in on. You said that you would be very surprised if local authorities did not understand their responsibilities. The NAO's evidence in paragraph 1.12 says that it found "a lack of clarity in two important areas." The first one is "how oversight of academies' safeguarding of children should work".

This is not in the Report, but the NAO tells me that the evidence was, as Mr Phillips mentioned, that 15%—13 out of 87—of local authorities said that they were not monitoring and would not intervene. You said that you would be very surprised if they did not understand their responsibilities and you went off on a long soliloquy about how the responsibilities were theirs, the law had not changed and that anyone can read an Act of Parliament. The evidence is that 15% of them said that they were not monitoring and would not intervene, so what have you done about that?

Chris Wormald: Well—we will be discussing this rather more on 8 December—we do a lot around whether local authorities are carrying out their safeguarding responsibilities correctly. Sir Michael inspects them, and where they are not doing so, we intervene—

Q176 Mr Bacon: I am not talking about this in the generality; I am talking about the 13 out of 87 who said that they were not monitoring. What have you done about that?

Chris Wormald: We do not know exactly who the 13 are—

Q177 Mr Bacon: The Department saw the evidence in clearance, so you have seen it. My question is: what have you done about those 13? If the answer is nothing, please just say: nothing.

Chris Wormald: We have not done anything specifically about—

Q178 Mr Bacon: So, hang on, the answer is nothing.

Chris Wormald: On those 13 specifically, but—

Q179 Mr Bacon: The answer is nothing. Let's be clear, Mr Wormald, because that is important and you do talk a lot but you do not always answer the question. You are saying that, in relation to these 13 out of 87 who told the NAO that they were not monitoring and would not intervene, you have not yet done anything.

Chris Wormald: We have not done anything specifically on those 13.

Mr Bacon: Thank you.

Q180 Chair: Sir Michael, can you expand a little on what you mean about a lack of investment in central leadership? Do you mean within the chains?

Sir Michael Wilshaw: Yes. Where AET and others have gone wrong is that they have not done enough about the quality of leadership in the individual institutions. They have not monitored effectively. They have not—

Q181 Chair: And central leadership?

Sir Michael Wilshaw: The leadership in the individual institutions, the schools themselves, and they have not done much to intervene quickly enough. But the other big problem is that the quality of leadership at the centre of the chain has not been good enough and the trusteeship has not been good enough. So it is a combination of those two things and if it is not good enough at the centre and they have not got clear strategies—those individual head teachers in those academy chains were saying that there were not clear strategies when we inspected them: they felt unsupported, unchallenged and unclear about the general direction of travel—that is the responsibility of the central team.

Q182 Chair: I want to ask Peter Lauener: do you take that criticism seriously and what do you do with it?

Peter Lauener: What Sir Michael just said was exactly consistent with what I said earlier about AET. We take it very seriously and we do monitor the performance of sponsors—

Q183 Chair: And what do you do—what actions?

Peter Lauener: To answer one of Mr Bacon's challenges from earlier, one of the reasons why we allowed some chains to expand too quickly was because we did not have the data and modelling in place to give us enough early warning. We changed tack on that about a year ago and did a lot of work to bring more sponsors into the system. We have also put in place the data systems that I referred to earlier, which I think put us in a much stronger position to identify problems earlier than we would have been in a year ago.

Q184 Mr Bacon: Mr Lauener, on this point, Mr Burrowes has a very posh mobile phone and has helped me by looking up the statistics that you apparently didn't know. Some of them seem to

be in the public domain. This article appears to have come from a website called Schools Improvement Net. It quotes *The Telegraph* reporting that more than a dozen academy chains—this is 20 March 2014. It says that the DFE “revealed that 14 organisations—currently sponsoring 170 academies—are unable to expand until urgent improvements are made” and they “would be prevented from ‘taking on new projects’” and so on. Plainly, the number has gone up since then.

Peter Lauener: What date was that?

Q185 Mr Bacon: That was 20 March 2014, in an article by Tony Harbron. You’re saying it is now 18 organisations, not 14, which is what this article is reporting, so obviously it has gone up since then. Could you, as I now despair that anyone will get the information before the end of this hearing—*[Interruption.]* Ah! The article says that “figures published following a Parliamentary question show that concerns have been raised over 13 other chains”. Thank you, Mr Burrowes. So we’re now looking at 14 plus 13, which last time I looked makes 27. Perhaps you could send us a little chart and you can put in the chart the 18 that you mentioned. This article refers to 14, but mentions one or two of them. Apart from the Academies Enterprise Trust, it mentions the University of Chester Academies Trust, which has nine schools, the Prospects Academies Trust, which currently runs six schools, and the Academy Transformation Trust, which runs 16.

Peter Lauener: I can give you a list of all 18 if you want, Mr Bacon. The only thing I can’t give you is the number of academies in total.

Q186 Mr Bacon: In that case—as I said, I was despairing—I think it’s best if you write to us, unfortunately; for the 18 that you referred to, let us have the names of all the organisations and the names of all the schools within those organisations and let us know how many students there are in each school, with a neat little total at the bottom, and then, for the others that are of concern—taking the number up to the 27 that I referred to—if you could mention which those are and what concerns you have as well, that would be very helpful.

Peter Lauener: I’m not sure what that refers to, but—

Q187 Mr Bacon: It’s from a parliamentary question, so it should be fairly easy to find.

Peter Lauener: Have you got a number?

Chair: He won’t have it! Chris.

Q188 Chris Heaton-Harris: This follows on quite neatly from that. Obviously, I am very supportive of both the policy and, in general, the practice that goes on with regard to the policy, but there is a particular issue in my constituency that rings out a concern. My constituency is Daventry; it’s the town of Daventry and a whole lot of villages outside it. There are two secondary schools in the town, and both are now under the control of the same academy trust, E-ACT, which I believe is one of the ones that is not allowed to expand any further.

I always thought that, within the same geographic area, having some competition between academy trusts might help to provide the challenge that the Chairman has been talking about, so I

just wonder whether a policy of zoning has gone on or whether this is completely random. Do you think that it is just unfortunate that one town's secondary education is locked up in one particular academy trust, or is it just a by-product of the process?

Chris Wormald: I don't know specifically the situation in Daventry. We take decisions on who should take over a school on a case-by-case basis, so we are looking at who is the best sponsor for that individual school. I think we do look at the geographical spread. Sometimes, where there is a very small number of schools in an area, that is quite difficult, because it depends on sponsor availability. I think that in principle the challenge in your question is correct: I think it is better if there is a range of providers in an area. I can see that where there are only two schools, that may be quite difficult, but the challenge in your question is correct.

Q189 Chris Heaton-Harris: I know that another academy trust—another one that has been limited, I believe, in terms of its number of schools—wanted to take over one of the schools in the town. That leads me to another question. I would like to have some understanding of the level where the challenge from you comes: “Right, you're at the level where we can't allow you to take on any more academies.” Or maybe parents are going for a free school. That was the case with the David Ross Education Trust and the Middlemore estate in my constituency. Parents wanted a free school and got together. We got it all the way to the line and then your Department very kindly moved the goalposts, so we couldn't convert—get it over the line. I guess that I had no problem with your Department making that decision, but I did not quite understand the process behind it.

Chris Wormald: We do not have a hard and fast rule. We have not said that no one can expand by more than x schools in a year or that no one can be bigger than y . The simple reason, as Sir Michael pointed to earlier, being that the trusts are very different, with very different histories and levels of expertise. If you take a well-established sponsor like Ark, the Department might well take the view if Ark says that it can expand at speed x , that is fine, almost regardless of the speed of other sponsors, where we would take a different view. It is not an arithmetical thing. The factors that we look at are size, how long it has existed, speed of expansion, the success rate in existing schools and quality of financial management, as looked at by the EFA. That does not turn into a formula. There is a judgment at the end.

Q190 Chris Heaton-Harris: For these 18 academy chains that are now on hold, what is the process and what judgments do you make that allow you to take the foot off the brake and let them expand again or to put the foot further on the brake? If you were particularly concerned, what happens?

Chris Wormald: We take a case-by-case view. The ultimate level of concern is to terminate a funding agreement and to broker schools to a different set of academy sponsors. In some cases, we have taken the view that the chain is in fact too large or too geographically dispersed, because chains that have schools all over the country have faced bigger difficulties than regional or local chains. In those cases, we might look to re-broker a small number of its schools and leave it with a geographically more cohesive unit. In some cases, it is simply a case of the chain drawing breath for a bit and establishing more secure systems of the type that Sir Michael was suggesting. In others, we will not allow a chain to expand further until some specific financial concerns have been met or until Ofsted and performance data is showing that the schools are improving in the way that we like. There is no hard and fast answer, but those are the sorts of factors that we would look at in the individual cases.

Peter Lauener: To give a very specific example, E-ACT has had a financial notice to improve. I could not conceive that E-ACT could take on any additional academies until it had discharged the expectations of the financial notice to improve. By the way, it is working very hard to do that.

Q191 Meg Hillier: This is a slight tangent, but it is a related point. In terms of value for money when you are looking at academies and particular chains or federations, do you look at the value of the land that you are going to provide? I raise this example, because there was a federation in my borough—it no longer exists—that was going to academise. It owned the two largest primary school sites in an area where there was a potential future need for a new secondary school. Probably the biggest concern about that academisation was that the ownership of that land would have gone to the academy, so had a new secondary been needed in future, it would have been hugely more expensive for whoever the provider was to do that. Does the Department take that sort of thing into account? We have seen some peculiar cases of land being passed over or bought at great expense for some free schools, but in that case, that was owned by the local authority, federated and then potentially academised. Is that factored in?

Chris Wormald: I am not sure that we have ever looked at that specific factor. The way the Act works is that land, if it is used for educational purposes and is transferred to an academy, is reserved for educational purposes regardless of whatever—

Meg Hillier: But you see my point.

Chris Wormald: I see exactly your point. I am not aware that we have ever considered such a situation. I will check.

Meg Hillier: It would be worth knowing who had. I would urge you to think about it.

Peter Lauener: It is something that we have begun to look at, particularly in London, where land is so scarce for building schools. It is not something where we have taken a policy. We have been a little opportunistic when the chance has arisen, but—

Q192 Meg Hillier: In this case, it was never tested, because the federation dissolved before it could happen.

Chris Wormald: I will check whether we ever have looked at that. I am not aware that we have.

Meg Hillier: In that area—Hoxton—it would have been a very expensive problem down the line.

Q193 Chair: Can I just ask a question on the financial notices to improve? Then I will bring in Austin for the final question. The Report talks about something like seven cases where there are allegations of fraud but there is no financial notice to improve.

Tim Phillips: Paragraph 3.8, on page 29.

Chair: Why is that?

Peter Lauener: We operate an intervention ladder. We start with assessment and get all the facts together. If it is a routine case, we might look to build capacity, seek improvements or have a threat of formal action. If we move straight to a threat of formal action and then the matter is quickly resolved and new governors are put in, we might not see a need to issue a financial notice to improve.

Q194 Chair: Those seven cases, did you look at them?

Chris Wormald: I may have misread this, but I took the word “suspected” in that paragraph as being important. We would not issue a notice until we had evidence.

Peter Lauener: There are all kinds of reasons why we would issue a financial notice to improve.

Q195 Chair: I understand that. It is just interesting: fraud would seem to be at the extreme end of the spectrum.

Chris Wormald: As I say, I read that paragraph as talking about suspected fraud. Obviously, if there was proved fraud—

Tim Phillips: It is important to say they were suspected cases. We did not investigate the cases ourselves, but what I can say is that the data housing for this information does not make it very clear when the allegation arose, what steps have been taken or why a financial notice to improve has not been given yet. The inconsistency, or the potential for the decision making to look inconsistent, appears because it is not clear why a financial notice to improve was given in one case of suspected irregularity but not in another.

Peter Lauener: I think this relates to the point Chris made earlier in relation to standards. I do think we could be better at logging the reasons why in some cases we go for an FNTI and in other cases we don't.

Q196 Chair: We look forward to you doing that. The other thing is, how much have you lost on fraud so far?

Peter Lauener: We always seek to recover.

Q197 Chair: Okay. Before you had to start instituting a recovery mechanism, how much went out on fraud? I have a figure of £8 million in my brain, but I don't know where I got that from.

Peter Lauener: That is not a figure I recognise.

Chair: No? It must be the Report.

Peter Lauener: In the Department's accounts for 2012-13, we notified losses in one case of just over £2 million and in another case of £1 million. There were also losses at Kings science academy, which were recovered, of eighty-odd thousand pounds. These sums have all been

recovered. The academy trust, in fact, is pursuing the big losses in the cases I mentioned. I am not quite sure what figure you would want. Is it a cumulative figure of—

Q198 Chair: How much fraud has been identified?

Peter Lauener: I can write to the Committee about that.

Q199 Austin Mitchell: On funding, there was an advantage to being an early start-up—they got £2.6 million. Now that is down to £450,000, and it is even less if you want a quick deal, quick fix. Paragraph 3.26 says that, for areas of similar deprivation, the average secondary maintained school with a sixth form had grants of £6,560, but the average sponsored academy had £7,170. The Report says: “The Department has stated that a school’s status should not result in financial advantage,” but there is a financial advantage. Have you measured its effects? Does it lead to better performance?

Chris Wormald: I think that is simply the difference between what the local authority retains and what is passed on to the academy. The formula for academies replicates the local authority funding and then adds to it resources for services that the local authority no longer provides. There is very slight differential in cash between what academies and maintained schools get, but in terms of value it should come out as pretty much identical.

Q200 Austin Mitchell: But does more money lead to better performance?

Chris Wormald: I completely agree with what Russell Hobby was describing earlier. There is almost no correlation that we can find between absolute levels of funding and educational outcome, which is not to say either that there is not one, just that no one has successfully found one, or that marginal investment in a particular school does not lead to a result. Russell described it very well: we have a historical funding system that is built on decades of decisions by local authorities, which has lead to very different outcomes in terms of cash in different places; we cannot find a relationship between that and outcomes. That is not the same as saying that investing the pupil premium in a school should not lead to results—we ought to be able to show that a marginal investment makes a difference. Underlying that, we have not found a correlation.

Chair: Good—that’s it. It’s been a long session. Thank you.