

Public Accounts Committee

Oral evidence: Converting Schools to Academies, HC 697

Wednesday 16 May 2018

Ordered by the House of Commons to be published on 16 May 2018.

[Watch the meeting](#)

Members present: Meg Hillier (Chair); Bim Afolami; Sir Geoffrey Clifton-Brown; Caroline Flint; Layla Moran; Anne Marie Morris; Bridget Phillipson; Lee Rowley; and Gareth Snell.

Sir Amyas Morse, Comptroller and Auditor General; Adrian Jenner, Director of Parliamentary Relations, National Audit Office; Laura Brackwell, Director, NAO; and Marius Gallaher, Alternate Treasury Officer of Accounts, HM Treasury, were in attendance.

Questions 1–153

Witnesses

I: Emma Knights, Chief Executive, National Governance Association; Paul Walker, Chair, Devon Association of Primary Heads; and Les Walton, Chair, Northern Education Trust.

II: Andrew McCully, Director General, Infrastructure and Funding, Department for Education; and Jonathan Slater, Permanent Secretary, Department for Education.

Examination of witnesses

Witnesses: Emma Knights, Paul Walker and Les Walton.

Q1 Chair: Good morning, and welcome to the Public Accounts Committee on Wednesday 16 May 2018. We are here today to look at the Government's approach to converting schools to academies. The NAO has helpfully produced a very good Report explaining how that is going so far. We will not be going into the detail of the Report—we assume that we are all on top of that—but we do want to probe how things have been working.

As well as the Department appearing in front of us today, we are delighted to have a series of witnesses who are more from the coalface, it is fair to say—who have been living through the process. We have Emma Knights, the chief executive of the National Governance Association, Les Walton, chair of the Northern Education Trust, and Paul Walker, chair of the Devon Association of Primary Heads. That is an area that we are all particularly interested in, because 72% of secondary schools are academies but less than a quarter of primaries are academies, for some obvious reasons, which will hopefully come out in the session.

We are aiming for the session to be between half an hour and 45 minutes. We have Prime Minister's questions, which focuses us. We will be asking quite short questions, so please give short answers where they are due. If you agree with somebody, feel free to say you agree—you don't have to repeat it. I am sure I don't need to teach you how to suck eggs.

I wanted to start by asking each of you to explain what your connection has been with the policy and how you have crossed over with it. Could you give a brief analysis of what has gone well and what has not gone so well?

Emma Knights: Our organisation advises and supports governing boards across all types of schools, including large numbers of converted academies. It was the original maintained governing bodies that took the decisions as to whether or not to convert, initially as stand-alone academies.

We have issued guidance that has had many, many iterations. By 2011, I think we were on about version 10 of the guidance, which was on, for example, things around their responsibilities to consult. We weren't as involved in the period of conversion because, by definition, those academies had lawyers and therefore were using them for legal advice. However, as the policy moved—we think quite rightly—to the formation of multi-academy trusts, as an organisation we have been supportive of what we call groups of schools coming together for school improvement reasons. We think it is a much more effective system than stand-alone academies.

Since the advent and the increase in the number of MATs, we have been very involved in helping them make the right decisions, both in terms of



their growth and whether or not to take on extra schools, but particularly around their governance, because governing a MAT is difficult. It is more complicated than governing a stand-alone school and there isn't very much intelligence within the school sector. We have learned as we have gone along, and we now feel we have a lot of expertise, but that expertise isn't necessarily replicated across the sector.

Q2 **Chair:** Can I just check something I should have checked before? How are you funded?

Emma Knights: The vast majority of our income comes from membership fees from schools. Schools choose whether to buy our services. Across the country, the average is that one in three schools are members. As of last year, we now have a DFE contract for providing development programmes for chairs, clerks and boards. Our DFE funding is about one fifth.

Q3 **Chair:** I have just given the figures for the number of secondary schools that are academies. You must have a lot of academies now signed up and funding you. What is the rough balance between academies and other schools?

Emma Knights: We try to check our membership against the percentage across the piece. We are slightly skewed to stand-alone academies, because they are obviously looking for places to get advice. That is interesting, because obviously our policy has been to try to encourage people to join groups of schools.

Q4 **Chair:** Les Walton, same question to you.

Les Walton: Good morning. My background in academies is that, in 2009, I was appointed chair of the Young People's Learning Agency, and I was placed on the board of the Learning and Skills Council to establish the transfer from the learning and skills agency to the YPLA. When I took on the role of chair, no academies were part of the YPLA.

Within two months of my appointment, Lord Knight requested that 227 academies become part of the YPLA. There was a discussion at the time about the fact that I was not a very academy-looking person, because my background was primarily in the public service, even though I have been involved in business for 20 years. I therefore agreed to take on one academy in Bolton, which was encouraged by the Department, then another one in Bolton, then another one, then another one. Eventually, we developed a multi-academy trust, which has now got 10 secondaries and 10 primaries, over a number of years.

Q5 **Chair:** So it wasn't your aim originally, but you were encouraged by the Department.

Les Walton: I was absolutely encouraged by the Department. The board I chaired—the organisation—was split about whether we should or should not. There was a division. There were arguments against, such as risk to the organisation and whether we had the capacity. There was a fundamental argument about principle—whether we believed in academies or not. In the end, we decided to support the academisation.



Q6 **Chair:** Have you now reached your limit? If not, how big do you want to become?

Les Walton: We have got no desire to grow; we have a desire to rationalise, which is a different thing. When we first started, we took on academies in Bolton, Tees Valley and—as you may guess—Newcastle, where I am based. We moved our headquarters around Tees Valley, but essentially the distance is one hour from our headquarters to our southern school, and one hour to what you might call the northern school, which is in Newcastle. Our interest now is in consolidation. We are working with the DFE to see whether we can rationalise our estate so it is tighter and more focused on the north-east.

Q7 **Chair:** Okay. That opens up a whole raft of issues. I will not be tempted to go down that route, but I know other colleagues will want to. Mr Walker, you are the primary school representative here. Do you want to explain how it has been for you?

Paul Walker: Yes. I have two hats, actually. I am obviously the chair of the Devon Association of Primary Heads, but I am also the CEO of a fairly large primary MAT in Devon—15 schools—so I have got this from two sides. On the academy side, our trust was one of the early adopters. It was created in 2010 and has grown steadily over time. It is always a challenge in Devon to encourage new schools to join the trust. My other role within DAPH relates to the local authority, which doesn't necessarily encourage or support schools becoming academies.

When you get a change in leadership at local authority level, often that changes the policy and the support that is given. A number of schools sometimes feel that becoming an academy is a bad thing to do, and that you are better placed within the local authority. That can be quite hard when local authority services are diminishing around them. We can say as a trust that we are often giving a better deal than the local authority to schools—particularly to good schools. Most of the schools in our trust came in as either inadequate or requiring improvement. They came in with a real scored improvement need and that is where we have been very successful.

The more challenging schools to get into our trust are the good schools, that are performing fairly well in their corner of Devon where their governing body generally think they are doing a good job and they are happy running their school, and the local authority tells them it is happy running their school. There is very little incentive to get them to think why they would want to leave something that is working fairly well at the moment to something which—

Q8 **Chair:** You sound like you are proselytising here. Why do you think they should join a multi-academy trust if they think they are doing a good job?

Paul Walker: For good schools, the offer from local authorities now is really limited for school improvement. Local authorities have got to be minded with, sort of, their weakest links. They have limited resources and



HOUSE OF COMMONS

they have got to support the schools most in need. For those good schools, you get less resource and support.

As a MAT, we are able to use the money in a different way and deploy staff in a very different way. There is a lot more contact from people who are experts in school improvement, people who can actually support the school and either maintain an outstanding school, take a school that is good on its journey for continuous improvement but also use their capacity to support schools that are most in need.

One of the strengths of working in a trust is the collaboration for us, using our staff across the piece. Everybody has got something to contribute to the system. If your system is very isolated and parochial, nothing is going to shift.

Q9 **Chair:** A couple of questions. What is the geographical spread of your schools, when Devon is a big county?

Paul Walker: Our trust covers the whole of the south coast of Devon: about 80 miles from one end to the other. We have organised our schools into geographical groups, which is quite important, because they do need to get to a centre point fairly easily.

Q10 **Chair:** What do you think about getting collaboration? I happen to come from a borough where that collaboration has always happened. It has had its ups and downs but collaboration happens anyway. Are you saying that it does not happen in Devon and that the MAT really pushed that on the south Devon coast?

Paul Walker: There has always been collaboration of sorts. In the days of greater finance, maybe, local authorities would use finance to bring people together. In Devon, lots of our more isolated schools are centred around a secondary. Often that means buses and children travelling half an hour to get to that secondary, so it is quite spread out to start with. The money brought people together.

As the money has gradually gone for those sorts of activities, often the heads don't make that effort. Whereas, in a MAT system we can use our money in a different way to encourage that collaboration. We can set up different geographical groups; it is not always centred around a secondary school. It can be centred around four or five primaries near each other. We set up systems that encourage collaboration for the right reasons, for school improvement.

Q11 **Anne Marie Morris:** As a Devon MP, I am very interested in what you have to say. I am also aware that although your primaries are together in a trust, a disproportionately larger number are not. Is it just, as you described, about the local authority? Or are there Government incentives or technology issues with broadband? What is it that is stopping the others becoming academies?

Paul Walker: It is a host of things. There is a local authority steer.

Q12 **Anne Marie Morris:** Could you be more specific about that? Because I



HOUSE OF COMMONS

am really curious. What are they saying?

Paul Walker: Our local authority has always worked well together. As chair of the association, it is about trying to work together. It is really important that we work together to improve the system. But a lot of messages come out from the centre, which are very clear that you don't have to academise, you can stay as maintained, although the policy was shifting one way, it is not now, you can stay with us. There seems to be a real desire from local members to keep a family of schools around a local authority system.

- Q13 **Anne Marie Morris:** Is there any financial disincentive? Other than saying that they don't want you to go, is there any financial disincentive to a school going and joining an academy?

Paul Walker: If you are in a fairly balanced situation, probably not. You are probably better off joining the academy these days. Pots of money go into a central pot at local authority level to provide services for all. Because that is spread very thinly in a smaller group, that money can go in and be used in a very different way. It is targeting the funds.

- Q14 **Anne Marie Morris:** If you get the right leadership. You made the comment that it was easier to have the underperforming schools coming together rather than the good ones. Why do the good ones want to stay on their own?

Paul Walker: Let me answer that the flip way around. It is easier to do the schools that require improvement, because often key things have happened—Ofsted may have said the school is inadequate so it has got a directive academy order, or the headteacher may have left, so straightaway you have a governing body looking at options. Often, in very good, stable schools—particularly in Devon—a lot of heads stay in post for quite a long time.

We have governing bodies that have been in post for a long time. Often, the governors have been there for 20 or 30 years and the head has been there for 10 or 15 years. It is a very comfortable relationship. I do not mean that in a derogatory way. Why would you want to do something different? If the school is fine—if it is working well, it has good relationships and it is improving—why would you want to change your governance arrangements? That is the bit that is quite a challenge to sell to people.

- Q15 **Anne Marie Morris:** What can the Government do, then? In a sense, way back when, this was originally a Government movement. It has slightly morphed in interpretation, but it was supposed to be a good idea. If it is a good idea, even if you are a good school, why do you not buy in? What is it that the Government has got wrong in expressing whatever "good" looks like?

Paul Walker: We are stuck in a bit of a strange limbo where we do not really know what the policy is around academisation. A few years ago we had a very clear steer that every school would be an academy by a certain point. That set the hares running and started schools doing a lot of, "I



need to talk to you; I need to talk to you.” Then, of course, that gradually eased off again, so the conversations stopped. Sometimes, you need something like that policy—a very clear steer—which perhaps causes a little bit of localised panic, for want of a better phrase, and makes people think, “What are we going to do? How are we going to manage this?” Actually, it did start the conversations. As a result of that, a number of schools in Devon have looked at or are converting now, maybe from a conversation in the last 18 months. They now think, “Is the writing on the wall for the local authority? Is there something coming?” I guess we just need a really clear steer about local authorities. Are they running schools or not?

Emma Knights: These are the sorts of discussions we are having with governing bodies all the time. The Committee will know that it depends which part of the country you are in and what the local authority policy was. It varies hugely from place to place. In fact, Devon was very pro federations some years ago, so the south-west is actually further ahead in terms of encouraging people into groups of schools than some other parts of the country, which Les will know better.

The original policy to encourage people to become autonomous, stand-alone academies is very different from encouraging them to become a federation or a MAT. I think you used the word morphed, and I completely agree with you. The policy morphed without the system really understanding that this isn’t really about academisation; it is about schools coming together in a bigger institution. The system has not really acclimatised to that.

I would suggest that the Department for Education has not really got its head around that. For example, we have a national funding formula that is all about individual schools. We often feel that we are in parallel conversations—over here we are talking about schools, and over there we are talking about institutions. A multi-academy trust is one organisation. There are lots of reasons why good school governing bodies do not want to convert, but one is that they know they would become part of a bigger institution. In effect, they would be a turkey voting for Christmas, because they would no longer be the body that made the decisions; they would have to give that over to the board of the trust.

I agree with Paul that there are lots of reasons—we have written about them extensively—why being part of a group of schools is a jolly good thing, but that is different from an individual governing body of a good school asking, “What is in it for our children here?” The system has not made that clear. For example, we were very disappointed in the days of federation that the Department never backed us up by saying, “Actually, the reason you should come together is that”—the sort of thing Paul was talking about—“you would learn from each other, share resources, share teachers and share good practice.” We have missed a trick. We have not emphasised the important thing that governors care about: “What difference does it make to children?”

Q16 **Anne Marie Morris:** So are you really saying that this is driven more by



money than by some educational benefit? That is rather depressing.

Emma Knights: In the early days when it was stand-alone conversion, there was absolutely a bonus financially. I know the official line was, "There isn't", but there was. Generally, schools that converted in '10, '11 or '12 got a financial bonus out of it, but I agree with Paul—I don't really think that exists anymore. Therefore people are concentrating much more on: "What can we change in the classroom that we cannot do as a stand-alone school?" That is a much harder argument to make. I understand why some governing bodies are thinking, "We can do what we want to do as we are".

Les Walton: I don't think that the setting up of a multi-academy trust is driven by money; I don't think it ever was. There may have been the odd exception, but I think it was driven by the moral desire to improve the lives of children. I totally agree with Emma about not saying, "In a local authority you do not federate; you are stand-alone and isolated, but in a multi-academy trust you are an integrated unit". There is a continuum, and getting that clarity across would be really helpful.

In the past, Excellence in Cities was an attempt for schools to manage their own entities as groups. We have had federations and so on. One positive recommendation would be to clarify that it is not a local authority model versus an academy. Essentially, the model is the same. It is trying to achieve a co-operative of schools that work together. Personally, I believe that a multi-academy trust is the best model. I have been in education for 60 years since I qualified, and I think it is the best model of governance I have ever come across. I really do believe that.

Q17 **Sir Geoffrey Clifton-Brown:** Mr Walker, I represent an area of Gloucestershire that I imagine is very similar to Devon. All our secondary schools are academies, yet relatively few primary schools are academies. My primaries range from very small—40 to 60 children with a headteacher and very little back-up support—to more urban schools with 400 to 500 children. Is there any pattern in your association to the size of primary that would want to join your trust? I imagine that the little ones are struggling in terms of support more than the bigger ones.

Paul Walker: Yes, is the quick answer. If a big school wants to join you, that is an attractive proposition for the trust because that school obviously brings an awful lot of stability, and there are people who can do things. In our trust we have two small schools of under 30 pupils, but they came in at the same time as a big school. We have kind of achieved economies of scale there to make that work. Those two small schools probably take more work from our central team than our bigger school, which is very disproportionate given what they can contribute to the trust's central costs. There are some challenges for smaller schools.

For a good small school that is working quite well, becoming an academy can seem quite a hassle. You suddenly take on a whole host of new accountabilities. The office person in a very small school already does an awful lot of stuff. If they suddenly have to do all the financial returns, and



HOUSE OF COMMONS

the amount of audit and scrutiny that the back office would need to do, they might not necessarily be geared up to that. We are trying to find a way to get people to understand that within a bigger group you can achieve that in a fairly efficient way, without putting too much pressure on the small schools.

But you also want those schools to contribute something back to the trust as well. Very often that can be school improvement needs—there are often people in small schools who are experts at something, and it is trying to get them to understand. It is also getting the trust to understand that small schools are not a bad thing. The biggest issue we have with a small school is finance—if that small school cannot afford itself, why would we want to take it into a MAT that will have to pick up its deficit for the next two or three years?

- Q18 Layla Moran:** How discerning can you be as a MAT about which schools you take on? What are the disincentives to taking a school on? Mr Walker, you mentioned one. Are there others?

Paul Walker: I think you should never just take anybody who phones up and says, “Can I join your MAT?” Our philosophy in our trust is always, “We never say yes; we never say no.” It is really important that you find out why they want to join, looking at best fit and what that school can bring. We will always take a risk that sometimes that school may come with a bit of a financial issue, because they can bring other bits to the MAT that will be great. If you have a really good group of staff there who will add value to our trust, it may be that we say that we knew there was going to be a financial burden to us. What is tricky—

- Q19 Layla Moran:** How do you measure that?

Paul Walker: That is done in our due diligence time. You can do all the financial benchmarking and everything else. The other bit is: why does the school want to join? What is the culture in that school? Does their culture match our aspirations as a trust? Is it a good fit? If they are a good fit, you would want to find a way to make them fit our trust and join our trust. If they are just wanting to join because, “You’re going to pick up our deficit,” that is probably not a good reason for a school to join.

- Q20 Layla Moran:** How many were of schools that wanted to join your trust but then didn’t, and what happened to them?

Paul Walker: You get lots of conversations from schools. They ask you, “Can you come and talk to us about joining?” In our trust we have a very particular model of governance, and we do not tend to have big local governing bodies, which other trusts do. Straight away, for us, that is something that puts people off, because you are often talking to a group of governors who will straight away see that there is no role for them as they are now, going forward, and they feel that maybe it is too much of a central voice.

That works for us, and every MAT is different, but often that will straight away stop the conversation. That is fine, but unfortunately it is probably



HOUSE OF COMMONS

not fine, because for the school it may be a really good thing to join the MAT. Often you have the people who are caretaking the governance of the school making decisions maybe based around them rather than the needs of the school.

Les Walton: We have quite an intensive, what we call “deep dive”, analysis where we put about 20 key people into a school—probably a secondary school; not so much with a primary, where you would need fewer people. The cost is probably about £10,000 to deploy those people, who analyse the finance and the HR, look at the property and the PFI, which I could come back to, and so on. I think we are pretty good at knowing what the issues to take on are. In terms of being able to discern the issues, I think we can do that.

There is an issue about what others call “pre-due diligence”, because once it is announced that you are taking over a school, if you then find something else afterwards it is a more complex situation. Of course, schools vary in their complexity and difficulty. For some schools, you may require a significant amount of funds for redeployment of staff and redundancy costs. Then you have the dreaded asbestos, and so on. It is not a simple thing to say whether that is an easy thing to do or not. It really does depend on the context.

Layla Moran: Would you say it is a seller’s market for MATs at the moment? Are there more schools coming to you than you can take on?

Les Walton: Not in the north-east, but I will just make one point, if you don’t mind. When grammar schools came in, we did not take up places too much with those. When comprehensivisation came in in the north-east, we were always last in the queue. When grant-maintained schools were quite dominant throughout the country, there were only two in the whole of the north-east, and both schools were threatened with closure. I do not necessarily think that the take-up is totally related to academisation. I think there is a cultural aspect.

Emma Knights: I would just add that there is another way in which MATs form: a group of schools coming together to form a MAT. Sometimes they have been a federation. We are seeing quite a lot of federations become MATs in one fell swoop. It is not always the case that an individual school is petitioning an existing MAT.

One of the things I just wanted to put on the record is that not only do boards have to undertake diligence, but it is absolutely crucial, because their legal responsible is to keep the trust solvent. They would not be doing their legal duty if they just took on schools that were financially in difficulty. I completely agree—I think it was Paul who said this—that we should not confuse the small schools becoming academies with the issue of funding in small schools.

It would be absolutely irresponsible of a board of trustees to take on a school that was not financially sustainable, unless, of course, it was going



HOUSE OF COMMONS

to subsidise it from other parts of its income—but is that sustainable in the long term? The small schools issue probably needs to be put on one side.

- Q21 **Layla Moran:** My final question is this: what skills are necessary to run a good MAT, in your opinion? And are there enough of them in the boards of trustees across the country?

Emma Knights: That is a very good question; it's one that we are involved in all the time. You will know that we work with an organisation called Academy Ambassadors, which recruits trustees, and we work on a project called Inspiring Governance, which helps to recruit to the academy committees, because there is governance at different levels within a multi-academy trust.

So there are lots of people working really hard on trying to do this. It is difficult. I mean, across the whole school sector we have a quarter of a million volunteers; that's an awful lot to keep replenishing. Some people serve for longer than others.

We have just published a couple of case studies about lessons learned, and two of the really striking points are the amount of time that trustees—particularly chairs of board—are having to donate. There is a real question that we are trying to discuss with the Department for Education about how we can make this job more doable, or, if not, we need to look at the long-term feasibility of expecting people to donate one to three days a week voluntarily.

- Q22 **Gareth Snell:** Ms Knights, you said that picking up small schools that are not financially long-term viable is a big risk to the MATs. I want to ask you about two points. Does that not mean realistically that all MATs are doing is buying up financially solvent, well-resourced schools and leaving the smaller, financially questionable schools at the risk of being picked up by the taxpayer, and that's bad value for money for the public sector? For those schools that are not being picked up by the MATs, what's their safety net? If the ambition is to have all schools converting to academies and MATs won't pick up those schools because of their costs, what happens to them and, importantly, to the children who are taught there?

Emma Knights: Absolutely—I think there are huge numbers of issues raised by the current funding problems with schools. It is worth saying that actually academies are also still within the public sector funding system. They are charitable trusts, but obviously it's the taxpayer funding them, as well as maintained schools. And it's a subject that I'd be very happy to talk to the Committee about at length, as to how we might consider—*[Interruption.]* No, that is the—

- Q23 **Gareth Snell:** I can feel my chair getting somewhat squeaky.

Emma Knights: Absolutely. But that's what I mean about the system not having understood what it's set up. A board of trustees has to keep the trust solvent. You cannot knowingly take on schools that are going to lead to insolvency, so we can't blame trustees for doing that due diligence properly.

However, I do think that MATs come in lots and lots of different shapes and sizes, and also have different ethos. So I agree with Les.

There are a lot of initial—well, not just initial, actually—MATs across the piece that are doing things for absolutely the right reason. They want to improve education for children. That can't necessarily be said of all MATs. We probably don't have time to look at the whole issue around culture, but just in the way that maintained schools differ so multi-academy trusts differ, too.

Chair: Okay. I think Mr Walton wants to come in.

Les Walton: Every school we've taken on, with the odd exception, has been in financial difficulty, because we have taken on schools that are probably in special measures, with serious weaknesses. That's been a policy of ours.

So there are three answers to your question. I think there are MATs that do take on difficult tasks. We believe that with our approach to curriculum management and curriculum-led staffing that we can resolve lots of the financial issues. Okay?

Secondly, but having said that, if a school is not financially viable, it's not financially viable, and therefore there has to be a better relationship between local authorities and the DfE advisers, in terms of being able to ascertain whether particular schools should continue in the local authority where they're in the MAT. I think there's got to be greater transparency and greater honesty about that aspect.

The last thing is there should be financial incentives, which there always have been, to address schools that have the potential to be good but just haven't got the money to be good. That applies to small schools in rural communities, or to large comprehensive schools that are in difficulty.

Q24 **Gareth Snell:** As two people who are on trusts, what is your safety net? Only last week the University of Chester Academies Trust collapsed. We know that Wakefield City Academies Trust has collapsed, and the debacle of Durand means that there has to be underwriting and so on. As two people who are running MATs, what is your safety net if you get into financial difficulties because you have taken on schools that need additional support and you cannot give it to them?

Paul Walker: The key thing for us is close financial management to start with. We have a very efficient, effective team, and we try to keep many of our central costs down. We try to keep unnecessary costs down. When we take on schools that join us, if a school is coming in as special measures, as Les was just saying, there will probably be massive issues of finance.

We have a tried and tested way of working and we will restructure that school to get it back to balancing the books. At the due diligence stage, we would look at that to ensure we can achieve it. If we did not think we could restructure a school to make it solvent and it was going to become a bind, we would not take it on. We have to look at that. You do, of course,



HOUSE OF COMMONS

get incentives with those schools; obviously, you get the deficits written off, so it does not come with a deficit. You get a larger conversion grant—

- Q25 **Gareth Snell:** It is not written off; it goes back to the local authority. That is slightly different, isn't it?

Paul Walker: Yes, in our eyes. We cover the deal balance then, and we also get a larger grant for conversion, which means we can manage a lot of that restructuring. With schools that do not require improvement and are not inadequate, which are coming in as converter schools, you get a smaller grant for conversion, and their deficit or their carry forward comes to us. You have to look at whether you can restructure.

Of course, for those schools the incentive to restructure is maybe not as paramount as for the inadequate schools, because in the inadequate schools the button has been pushed and they know they have to make changes. A good school that is choosing to join you may not want to have massive restructuring. Again, we have to look at due diligence; can we achieve what we need to achieve? We have to monitor our finances really carefully.

- Q26 **Gareth Snell:** Assuming a school is voluntarily converting, and it has a nice surplus that carries forward to you and for which you get a healthy grant, it is quite a profitable process for you, I would imagine. Presumably you have already done the paperwork to bring a number of other schools into your MAT, and therefore it is not reinventing the wheel but a find and replace on a Word document.

Paul Walker: If there were schools like that in our local authority, I imagine it would be. In Devon we are very underfunded, so none of the schools that have joined us have come with anything more than maybe a £5,000 carry forward, if that. Most of our schools are really struggling to balance the books. It would be an incentive, but it does not exist.

- Q27 **Chair:** I am aware of time, so can we have very quick bites from Les Walton and Emma Knights?

Les Walton: The interface between the Department and the local authority or the individual school is the advisers. I have been doing some work for the last couple of years with ASCL, NAHT and NGA to look at the skills and expertise of advisers. If the advisers from the Department have an understanding of finance, strategy, due diligence and all those aspects, and equally the advisers or those working within local authorities have the same skills and expertise, there can be a discussion about the points you are making.

If a school is not financially viable, it would be good to have that type of agreement on whether it becomes an academy or not. Let me just come back to you on one point. If an academy trust such as Paul's takes over a school that has a surplus, but then applies those funds to help a wider group of schools, I don't think there is anything wrong in that.

- Q28 **Gareth Snell:** I didn't suggest there was.

Emma Knights: Can I make a few points about the Department for Education's role in this? I know they are coming after me, but in some of the examples you have just quoted, where things have gone wrong, in part it was because growth was pushed way too fast. At that point some of those boards were not undertaking due diligence properly. The Department needs to be much more honest and transparent about saying, "We made some mistakes. We have learned from those mistakes."

One of the things I would like you to think about as a Committee is whether we ought to have some sort of case review, in the way we do in other parts of public service, so that when we have one of these calamities—there have been some calamities—we have a review and the results are published.

I would like us to have a conversation about how financial oversight of academy trusts is carried out. I am not convinced that having the EFSA and the Regional Schools Commissioners separate is a good idea. We need to bring together the governance, financial and educational oversight into one place. I think that would also help in terms of the Department's knowledge. I don't feel that, across the Department, officials necessarily understand what academy trusts are and should do.

Chair: You may not know this, but the permanent secretary is sitting behind you.

Emma Knights: I do indeed.

Chair: You are making your point loud and clear.

Q29 **Bridget Phillipson:** Mr Walton, you talked about your trust and the need to go through a process of rationalisation. Why will that process be happening? When that occurs with academy trusts, what is the process of looking after the schools that move on?

Les Walton: We are one of the early trusts, and we are spread across three regional directors. To have a conversation with three is difficult. First, the system needs to develop so there can be a lead adviser—a lead person—for trusts that cover more than three regions. Secondly, there needs to be an agreed strategy—which there is—about rationalisation. We are trying to move further north, where we think there is a need.

There is a structural requirement. That goes back to my point that those who are fielded by the RSCs should have an understanding of strategy and finance. Emma is talking about integration at a governance level, but I am more interested with integration at an advisory level, so we can talk to someone who can work with us well on that.

Q30 **Bridget Phillipson:** And what about the kind of working that needs to take place between trusts and local authorities? The picture across the country is very different in terms of the number of schools that are academies. In some parts of the country it can be very low, and in other parts of the country it can almost exclusively be academies within local authority areas. What impact does that have on councils' ability to work



collaboratively, particularly on school place planning?

Les Walton: School place planning is difficult when you have got academies and local authority schools. It can work only if there is a good relationship. For example, the trust I chair has been involved in the rationalisation of one of our academies within a local authority. We have had superb conversations with the director of children's services, the local MP, the local community, councillors, other headteachers, etc., to address the issue of sustainability within the region. You can develop good dialogues with local authorities.

I have not met a local authority that didn't want to be positive—I know that is amazing. Where I come from, you may think there is a view that they are somehow more negative about academisation. I used to be a director in a local authority 20 years ago. It now has a very good learning trust, and only 3% of the secondary schools are academies. You may argue that that is working very well, so why would you need to academise? In other local authorities, the schools are not working so well. It goes back to my basic view that the advisers feel that those who represent local authorities and those who represent the RSCs should be brought together more, and their skills should be developed.

- Q31 **Bridget Phillipson:** Just a final question, which others may wish to pick up on. I would be interested to know what your views are about the evidence of the impact of academies on improving standards. I know the programme has changed over time, but what evidence is there to support academies being an important driver or otherwise in improving standards within schools?

Les Walton: There is evidence about the impact of academies on schools. It is never secure. You never really know whether, if it wasn't an academy, it wouldn't have done okay anyway. That is the first thing.

To turn round a school that is in endemic failure, which could be the failure of the community if the school is surrounded by poverty and social issues—I have worked all over the place in schools like that—is not an easy task. It takes a long time. Therefore, the impact of a multi-academy trust is not immediate. If anyone says they can turn round a school in 18 months, I will be amazed. Some you can. I would like to see a classification of schools based not on Ofsted but on the difficulty of turning them around.

I could go across the north-east and show you a map of the schools that have been in difficulty for 20, 30, 40, or 50 years because the communities are in difficulty. Does that answer your question?

- Q32 **Bridget Phillipson:** It does. Mr Walker, did you want to come in on that?

Paul Walker: I totally agree. In the south-west, I see quite a different issue. You get real deprivation. They are very different scenarios but you get the same issues: schools that have coasted and been on an Ofsted judgment of being of a low standard for a very long time. I often say to my central team that we are educationalists, not magicians.



HOUSE OF COMMONS

School improvement is not linear. You can't do it too quickly, because you want it to be sustainable. That is the key. You can sometimes turn things around very quickly, but then it falls over again 18 months later. It needs to be steady but it needs to be the right thing to do.

Anecdotally, from looking at our trust and the trusts near us, most of the schools that have gone into multi-academy trusts have generally improved at the next Ofsted inspection; their results are no longer at the bottom of the local authority tables. There is improvement and—exactly as Les said—we know that that is down to our efforts, but we don't know whether they would have improved in a different scenario.

Chair: The NAO Report highlights the lack of evidence, which we will put to the Department.

Emma Knights: There is not cause-and-effect evidence yet, but it is obviously still quite a new system. We certainly argue that things such as the quality of leadership, and the ways in which they use their expertise in order to improve schools, are incredibly important. We have been really heartened by the National Schools Commissioner's recent statements that we should all concentrate on school improvement per se, rather than structural change.

We know of some cases in which the actual amount of time and effort it took to undertake the conversion from a maintained school to an academy, particularly at a point when the school was vulnerable, could actually have distracted from school improvement. It is a very complicated picture.

Q33 **Caroline Flint:** I find it quite worrying that, according to point 22 on page 12 of the NAO Report: "the Department had converted nearly 7,000 maintained schools to academies, at an estimated cost of £745 million since 2010-11. Most of the academies had been performing well as maintained schools...It has, however, taken longer than intended to convert a sizeable proportion of underperforming schools".

That sort of suggests that we are still not really tackling underperformance in schools and that there may have been cherry-picking going on. The amount of money spent sounds, in some respects, like it has been spent on schools that were already doing pretty well. Isn't that the wrong use of public money to bring up standards?

Emma Knights: You are absolutely right: the conversion costs for those that opted in is quite high. I don't think we talk enough about how much educational funding has ended up with lawyers, because obviously quite a lot of that is legal fees.

In terms of now, not necessarily being able to find sponsors—by that we generally mean existing good schools or existing MATs, rather than external sponsors—is a very different type of problem. It is partly about capacity in the system. The majority of MATs are still small; people talk about the big ones a lot, but the majority are two, three or four schools.



HOUSE OF COMMONS

They don't necessarily have the capacity to take on another school, and they would fail all their children if they did.

- Q34 **Caroline Flint:** Would it not be better, in that sense, for the focus to be on academising underperforming schools, and to maybe worry a little bit later down the road about those that are already performing quite well?

Emma Knights: I certainly would have preferred the system to look much more at what support was given to schools that are struggling to improve, rather than assuming that structural change was always the most important lever. We don't know that it was.

Les Walton: I do not think it is either/or. I agree that you should focus on underperforming schools—particularly in the areas that we are interested in—that have never really succeeded and have endemic issues. As a country, we should really address those.

Secondly, I think the academisation of good schools into trusts, which can work with the trusts to address those underperforming schools, is a good thing as well. I don't think it is necessarily one or the other.

Caroline Flint: Maybe you just set the priorities.

Les Walton: I think the priority, as you described it, is the one I would agree with.

Paul Walker: I think there are a couple of points. First, the good schools need to join a trust to provide the capacity to improve the schools in need of support. That can be money well spent, in one sense. In our trust, we would use a good school, and those staff and the movements there, to support an inadequate school. None of the £25,000 conversion grant for a good school really ends up anywhere near us. The point has been made that by the time you pay solicitors, the local authority's bit, diocese fees and anything else, generally it has cost the school to convert in the end, rather than the £25,000 covering it. So there is an issue there.

The other bit is looking at who is managing the system. A school that is inadequate and gets a direct academy order must go into the academy system. Schools which are declining—declining goods that become RI—end up in a bit of a limbo land. As an academy, you could say, "We could support you."

The local authority wants to hold them and keep them there because they need to see them improving. I just think, is there enough dialogue between local authorities, local academy trusts, Regional Schools Commissioners and Ofsted where you look at these declining schools and ask, "What is the best solution for this school? Rather than just perpetuating what it currently has got, can we do something differently?" That is something for the future that would be quite a good thing to do for those schools.

- Q35 **Layla Moran:** Do you agree that there is a disincentive for local authorities to encourage academisation?

Paul Walker: Yes. It depends on the local authority view generally.

Q36 **Chair:** They also have to take the deficit—

Paul Walker: Yes, there is an issue there—

Q37 **Chair:** They are not going to throw you a requiring improvement school if there is a deficit attached, if they can help it—

Paul Walker: Absolutely not, and they are not going to throw us their capacity, either. Often in a schools-led improvement system, local authorities also often use their good schools to support their failing schools. You do need to keep a good mix, probably in both systems.

Q38 **Chair:** Mr Walton wants to come in. Perhaps you could also answer the question about whether you or any trust you know buy in services from local authorities, rather than reinventing the wheel.

Les Walton: We do use local authority services where we need to, if they are good. There are all kinds of reasons why local authorities may not support the process. My own view is that the biggest disincentive is the lack of clarity about the future. There is a fear: where will we be in five years' time as a local authority?

If there was greater clarity about what the future will be—I think Paul and Emma mentioned that. A majority of schools are still not academies, so if you take the north-east, my patch, most local authorities would say, "Let's just be clear about what our role is and where we will be in five years' time"—the type of questions that any organisation asks. With clarity comes confidence, and with confidence comes a better working relationship.

Q39 **Chair:** Mr Walker, do you buy in any services from Devon County Council?

Paul Walker: Yes, we do. But cost is a key thing as you can bespoke. When you are a customer there is choosing to buy, as opposed to the customer that has to buy.

Q40 **Chair:** But you are using expertise that has been built up there.

Paul Walker: Yes. Especially as build our own expertise.

Q41 **Chair:** I want to ask Mr Walton and Mr Walker particularly a couple of quick questions about pay. In our last report, we highlighted some of the high levels of pay, and we know the Department has written. Emma Knights talked earlier about the quality of leadership being vital. Do you think it is justified to pay some of the very large salaries that some multi-academy trust heads are being paid?

Les Walton: If you get value for money—i.e. they are doing what they should be doing and transforming schools that never would have been transformed without their involvement—they are worth a lot of money.

Q42 **Chair:** You said earlier, in response to Ms Flint or somebody, when we were discussing standards, how it is difficult to measure whether the intervention is delivering the standards in short order. As you say, some



HOUSE OF COMMONS

of these are long-term projects.

Les Walton: No, I think it is difficult to measure the full impact of academisation. You can measure the impact of a trust, because you can have performance outcomes and measure where the chief executive starts and where they finish.

Q43 **Chair:** Is there a danger of a gilded staircase where everyone argues they are worth more money than the next person and pay just goes up and up?

Les Walton: As the chair of a trust, I am probably one of the few people here who doesn't get paid. A lot of us put a lot of energy in, and lots of expertise. I have got Mark Sanders on my board, who chairs the audit and risk for the EFA. I had Ian Hickman, who worked for the Audit Commission—not the audit office. I have got real expertise, and none of them gets paid. So you take that powerful expertise of the board and you pay your chief executive money I would have loved to have earned—I really would have. You then take the amount of investment, which is quite small if the outcomes are good.

Q44 **Chair:** It is just that when schools are struggling to hold on to classroom teachers, you can understand the disquiet that some of these salaries are pretty big. People can move on. They don't all stay long enough to see the results. Perhaps I can put the same point to Mr Walker.

Paul Walker: You have got a responsibility, haven't you? That is the point you just made there. If you are reducing staffing in schools and at the other end you have never-ending tiers of management being paid, that is wrong. Most schools still follow traditional frameworks for pay for teaching assistants, teachers and headteachers. Then you have ones with no framework. Maybe there is a need for some sort of optional framework. I appreciate that us academies are the most unautonomous autonomous group.

Chair: I was interested in how many multi-academy trusts, trustees and individuals wrote to me after that last report saying that they were embarrassed by the pay in some parts of the sector and felt that it gave the sector a bad name.

Q45 **Caroline Flint:** Why are they not paid on the basis of performance?

Paul Walker: Absolutely. In our trust, everybody is paid by performance, from a one-day-a-week teaching assistant up to my role. Nobody gets an automatic pay rise. We all have an agreed framework of scale of pay, and we all have an upper end. When you get to the upper end, it is made clear in our trust—I know about our one—that we will not just add and add and add.

Q46 **Chair:** There is no staircasing—

Paul Walker: No. You get to the top, and if I want to earn more, I either go somewhere else or stay happy where I am.



HOUSE OF COMMONS

Les Walton: There is an issue with accountability. When a local authority school goes into special measures, I have never seen a portfolio holder resign. I have worked in local government, too, and I have never quite got the idea of accountability in local authorities. The accountability always rests with the headteacher. Within a trust, the accountability clearly rests with the chief executive and particularly the board. When you are accountable, it is fair enough to pay people more.

- Q47 **Chair:** That brings me to my final point about how parents, the taxpayer and others can see what is going on. You are both running multi-academy trusts. Do you break down the budget by individual school so that the parents at that school can see what is going on in that individual school? Do you hide that—that sounds pejorative. Is it all absorbed into the wider MAT budget?

Paul Walker: Our trust is very clear that the money we receive is for the education of the children in the schools we receive it for. Budgets are set. We try to spend every penny. That is made very clear. Any central costs are made clear, and schools then have that clarity of budget. We do not generally send the budget out to parents for—

- Q48 **Chair:** No, but with a couple of clicks, you can find it on a website, can you?

Paul Walker: Yes, absolutely.

Les Walton: We are very transparent. What we have done in the past two or three years is move money more towards the frontline. There is a great danger in reinventing local authorities. I am creating a central capacity. We have deliberately said that the money is closest to the classroom.

- Q49 **Chair:** It is interesting you say that. When ILEA was abolished, more chief officers were created in the London boroughs than had ever existed in ILEA, which is interesting. I want to bring in Emma Knights on this point about accountability in budgets.

Emma Knights: Again, I think these are two slightly different issues. There is absolutely nothing wrong with a board of trustees deciding that it is going to spend more money on school X because school X needs it.

- Q50 **Chair:** You should be transparent about it.

Emma Knights: You should be, but that is different from saying, "This is that school's money come what may." The point of the board, with their chief operating officer or chief finance officer, is to work out how best to spend the money. I would not want parents to think that their school was always entitled to X, because that is not how it works in the new world. That is what I mean by saying we have not caught up with the legalities.

- Q51 **Chair:** You made that point about the disjuncture.

Emma Knights: In terms of engagement with parents, that is a really important issue. Parents are not built into the accountability system enough. We are discussing that with the Department. We have proposed a model where the parents should become the members of the trust.

Chair: As a Co-op MP, I support a mutual model.

Q52 **Layla Moran:** If you did not want to run your MATs in as laudable way as you do, how much oversight would the Department have of those decisions you make?

Chair: Could they catch the bad? If you are mad, bad or dangerous, would the Department pick you up?

Les Walton: I am past that stage. The oversight of a multi-academy trust is almost cruel in its tightness, including in the oversight of finance, how we direct our funds and whether we decide to buy a château in France, which has happened at times. There have been further education colleges that have done naughty things. We are incredibly tight over our governance and financial arrangements, but it comes back to my point.

About two or three years ago, when I chaired the Education Funding Agency, we had one of our meetings with Lord Nash and the Schools Commissioner. A question was asked, and it seemed that they were saying that the oversight of finance was quite tight, but the oversight of standards—whether schools are doing well, or whether they could do—is not so tight.

I am sorry to harp on about the expertise of those who support trusts—not the Schools Commissioners and not the DfE at the very top, but those who work on the ground. My answer was very simple, which was that, with the EFA, when you look down at schools, all schools have an external auditor who they pay for. All multi-academy trusts and all local authorities have one and they actually pay for the internal and external audits.

The external audits are provided by qualified, accredited, independent people. On the school improvement side there is no such facility. Not having accredited, independent advisers who have the same strength and understanding of governance and school improvement and can work across the piece with the financial side is where the gap is.

Paul Walker: I agree. As an academy trust, we are audited and are sending in financial returns on what seems like a daily basis at times—far more than a maintained school. The level of financial accountability is much greater. I totally agree.

School improvement-wise, we probably have one meeting with the Regional Schools Commissioner once a year for a sit-down, 45-minute discussion about the state of the trust. We get a letter afterwards that sometimes more or less matches the discussion, and nothing changes. Accountability-wise and on value for money, is the money improving education? I don't think there is enough knowledge on that. Is the money being well managed? You would know that.

Q53 **Chair:** That is a very good point to finish on before we question officials from the Department. I thank you all very much indeed for coming this morning; I know you have had to travel to get here. The transcript will be available on the website in the next couple of days. It goes up straight



HOUSE OF COMMONS

away uncorrected, so do look at that. You are very welcome to stay for the next part of the session if you wish. If not, I wish you well on your journey to wherever you are travelling. Thank you.

Examination of witnesses

Witnesses: Jonathan Slater and Andrew McCully.

Chair: Welcome back to the Public Accounts Committee on Wednesday 16 May 2018. We are looking at the conversions of schools into academies. I thank our previous panel for setting us up very nicely for questions to the permanent secretary. As you might expect, Mr Slater, we have a couple of things we want to raise with you. I will particularly raise one thing about academies, but Ms Moran just wanted to raise a couple of points about a recent announcement by the Secretary of State.

Q54 **Layla Moran:** I just want to drill down a little bit into what the £50 million that has been earmarked for selective schools will be used for. It is capital funding, but does it include the legal costs of setting up those schools?

Andrew McCully: No. It's capital funding.

Q55 **Layla Moran:** It is just for the buildings. How many school places has the Department estimated we will be able to get out of that pot?

Andrew McCully: When the Secretary of State talked to the House, he made an estimate of between 3,000 and 4,000, but of course that is wholly dependent on the response and the wishes and plans of the grammar schools themselves, which is precisely why he caveated that figure.

Q56 **Layla Moran:** Presumably, to get that number, there are certain schools that have been identified as ones that may or may not do this. So where has that number come from then?

Andrew McCully: As the Secretary of State said, he gave that as a very broad estimate, because there were no plans or bids from grammar schools.

Q57 **Layla Moran:** So the Secretary of State came to the House and just made up a number?

Andrew McCully: No. He talked about the amount of money available, but there were no bids on the table. We are opening it out to grammar schools that want to expand.

Jonathan Slater: Alongside Andrew's point, once you announce a bidding round, obviously the next stage is to see what there is to bid. The rules have changed, haven't they? It has always been possible for grammar schools to bid to expand. The thing that is different now is that in order to get the money, they would have to demonstrate something they have not had to demonstrate in the past, about the extent to which they will reach out more to disadvantaged kids.



HOUSE OF COMMONS

We have had positive statements from the National Grammar Schools Association about that, but obviously we will have to see what bids come forward and then assess them on that basis.

- Q58 **Layla Moran:** Which brings me to my last question, which is this: what benchmarks will you use to ensure that you give the go-ahead to a school on that basis or not?

Andrew McCully: They are set out in the guidance that has been published about the sort of things that we will be looking for. I haven't got those actual words with me, but they are all set out in the guidance.

- Q59 **Chair:** If grammar schools don't choose to bid for this, or don't bid enough, is that funding earmarked for other school spending?

Jonathan Slater: No. It is a fund specifically for this purpose. It is a demand-led budget. No doubt—

- Q60 **Chair:** So it is not in your base budget? It's—

Jonathan Slater: It's a budget for a purpose. As is the normal way of things, if circumstances change we'll have a conversation with the Treasury about the best use to which that money might be put.

- Q61 **Caroline Flint:** I do not quite understand what you just said, Mr Slater. You said that they will have to use the money to reach out to children from poor backgrounds. I thought the whole rationale for grammar schools is that it's first among equals: if you pass the test, you get in, regardless of background.

Jonathan Slater: There are examples of different grammar schools following different strategies, designed to increase the proportion of pupils getting in with free school meals. The Government have set out that that is their ambition, and set out in guidance how they want that to be done.

As I say, there are different examples in place. I can think of a grammar school in Birmingham that, in expanding, set itself a specific target, which it followed up by a specific pass mark in the test for children with free school meals. Different approaches get taken in different places.

- Q62 **Caroline Flint:** So lower standards.

Andrew McCully: All schools, as I'm sure Members know, have oversubscription criteria when they are oversubscribed. It happens to be the case that every grammar school is oversubscribed in its applications. What the Secretary of State has talked about and as the example that Jonathan mentioned suggests, grammar schools are increasingly placing deprivation as the top criterion for oversubscription.

- Q63 **Caroline Flint:** So lower standards, more like a comprehensive model.

Jonathan Slater: It is our task, as the civil servants sitting in front of you, to advise on how best to implement a Government policy, and that's what we are doing. We are pointing to what has happened in some areas and seeing how it could be expanded. There is nothing particularly unusual



HOUSE OF COMMONS

or unique about an education institution—a school or indeed a university—taking into account the prior circumstances of applicants for that place.

Q64 Chair: Okay. These are issues that will come out further, with us and our sister Committee.

I should probably just introduce our witnesses, as both have been contributing: Jonathan Slater, a regular visitor here, is the permanent secretary at the Department for Education and Andrew McCully is the director general for infrastructure and funding at the Department.

There are so many issues we could raise with you. You are lucky that we have Prime Minister's questions, so I am limiting this to the scandal, frankly, of Whitehaven Academy and the problems there. We have raised this with you before. I have been in touch with Councillor Frank Morgan.

Parents who are not anonymous to me, but who do not want their names out there, have been identifying huge problems with the fabric of the building. I have a list of everything from asbestos to electrical fittings with exposed wires, including fire doors completely missing and guttering overflowing. This school has had huge problems. Do you have anything to say to the Whitehaven Academy parents about the overall management of the school and the process that it has been going through?

Jonathan Slater: Clearly, they have been let down by management that has not been up to the task. Bright Tribe is rightly withdrawing and we are at the final stages of engagement with the trust that will take over.

Q65 Chair: What reassurance can you give parents that anyone will want to take on a school with huge dilapidations and has become a byword for bad management and huge challenges?

Jonathan Slater: I will bring Andrew in to get into more detail on this, but we have such a trust and we are working through the final stages for it to take over responsibility for the school. It obviously requires both an educational standards response and a response to the capital problems that you have referred to. That is being dealt with, as it should be, given the scale of the challenge and the responsibility we have for the children at that school, who have clearly been let down in the way you say at the most senior levels in the Department. The National Schools Commissioner and the schools capital people were up there last week, as you would expect, and are up there this week to get this sorted out.

Q66 Chair: I think Sir David Carter, the Schools Commissioner, was up there. The Health and Safety Executive was due to attend for a visit on 4 May, but cancelled. Mr McCully, I will send an anonymised list of the dilapidations to you because I think it is shocking. Hopefully you are aware of it, but just in case you are not, I will send it to you. Are you going to provide any extra funding? Will you try and get any money out of Bright Tribe for having let the school get into this poor state in the first place?

Andrew McCully: The most important thing is to understand and agree the support that the Cumbria Education Trust—the trust that will take the



HOUSE OF COMMONS

school on; we are all clear about that—gets the support it needs to be able to make good all those concerns that you have talked about. David Carter talked to me about his visit. He is very clear about the scale of the problems. Education and Skills Funding Agency experts are in the school this week again to continue the analysis of the scale of the need.

- Q67 **Chair:** Will you be able to tell us what it will cost taxpayers overall to bail out the problems in this school? In the end, it is the taxpayers, some of whom have got pupils in the school, who are funding this.

Jonathan Slater: We are working on that right here, right now, so we are not in a position to tell you what it will cost. Obviously, we will be happy to share the information as that process gets completed and we will seek to hold to the maximum account possible those people who have not been doing the job properly. We have been sharing with the National Audit Office in the last month details of the sort that you have had brought to your attention in a completely transparent way. This is not good enough. Bright Tribe is leaving the area and we need to sort this out.

- Q68 **Chair:** Do you have levers, legally and procedurally, to get the money out of sponsors that have failed so abysmally to pay for the problems? Basically, they have let the school rot. Do you have the levers you need or is there anything else you need? Is there a lacuna there for the taxpayer so that taxpayers do not end up funding it rather than the failing trust?

Jonathan Slater: The money that a trust spends is, as you have been discussing with your previous witnesses, money that was previously spent by individual schools. There is not a separate pot of money any more that a sponsor brings in in the way that there was in the past. So there is a sum of money to be spent and we need to make sure there is enough.

- Q69 **Chair:** My point is who is accountable in the end. This is such bad management causing such problems. Will it just be more taxpayers' money straight from the centre to provide a bail-out?

Andrew McCully: To answer your question, especially around the capital funds, a number of capital funds have been allocated for this specific school, both in terms of loans and specific capital allocations. So yes, if that money has not been spent for the purposes that it was allocated, we do have the levers to ensure that that is secured back from the trust.

Chair: We will come back to this. Mr Snell has a quick point.

- Q70 **Gareth Snell:** On a very similar point to the one that the Chair made, the University of Chester Academies Trust chain, you will be aware Mr Slater, has posted that it is £2.5 million in the red. The announcement in the neighbouring constituency to me was a third of the teaching staff and half the support staff being made redundant a week before SATs start. That trust does not have any money, so how is it value for money for taxpayers who have to come in at the last minute to underwrite those costs? How much is the Department budgeting in its own budget, year on year, as a contingency to bail out trusts that are failing?



HOUSE OF COMMONS

Jonathan Slater: Clearly, with any school—local authority maintained schools or an academy school—that fails, and typically goes into deficit, that deficit is written off, and you start again with sorting that school out for the future.

You want to minimise the number of cases where that happens, and clearly, as we may be coming on to later on this morning, one of the lessons of the last few years is that inevitably there is a sort of trade-off between speed and quality, and in the focus for increasing the number of academies as quickly as possible you get a consequence that you have to manage down the track—and we have to manage that as well as we can. We do not hold a separate pot of money just in case. We do not seek to estimate in advance the scale of that challenge, but we have to fund it when it happens.

Q71 **Gareth Snell:** Is there a need to have a risk register that looks at where there might be potential risk and costs associated with that?

Jonathan Slater: Yes, and what we have been doing over the last few years is significantly improving our oversight of the finances of multi-academy trusts, in a way that we were not back in 2012. I am not sure I would accept the adjective used to describe our approach now—“cruel”—which you heard a few minutes ago; but it is certainly rigorous in a way that it was not.

Andrew McCully: In the case of the University of Chester, of its seven schools we are at an advanced stage of working through the rebrokerage of four of those schools. It is an important part of the improvement and change that needs to happen in the University of Chester Trust.

Q72 **Layla Moran:** We now have a litany of these—Whitehaven and Bright Tribe were mentioned today. Wakefield and Durand have been mentioned and it would be remiss not to say it again. Why, given all these failures, do we not do checks on every trustee for every school that becomes an academy—because I understand that you don’t do that, currently?

Jonathan Slater: I hope you do not mind if I just put it into context, because I would expect this Committee to be challenging me hard, as you are—and rightly so.

Chair: I think we are coming on to context—we are going to talk about wider things, but Ms Moran’s question is particularly about the problems.

Jonathan Slater: Okay: 2.5% of academies were rebrokered in 2016-17. The answer, specifically, to your question is that we definitely carry out rigorous tests on any new trustees coming into the system. The area where we do not carry out those sorts of rigorous tests is for governors and headteachers already in the system, appointed by local authorities or elected by parents, who are already running the school. We do not carry out the same degree of rigorous assessment for people already in it, appointed by local government. They are already running schools, so you can see why we do not do anything of the same degree as we do with



HOUSE OF COMMONS

people newly coming to it. Nevertheless, the NAO has made a recommendation that we should think again about that, and so we will.

- Q73 Layla Moran:** In the NAO Report, on the financial risks, at paragraph 3.18, I think it is rather alarming that of the sponsors, overall 70% are at risk—that is, 15% are at high risk and 55% are at moderate risk. Does that alarm you as well, Mr Slater?

Jonathan Slater: It seems to me that that is a good example of the Department now thinking really carefully about the capacity of multi-academy trusts to take on new schools and we should not be surprised—absolutely certainly, based on the last few years' experience—at the challenge for a multi-academy trust in taking on a new school. It has got to demonstrate that it is capable of doing so, and that demonstrates that we are setting a pretty high bar.

- Q74 Layla Moran:** So it does not worry you.

Jonathan Slater: Obviously I would be delighted if more trusts were able to take on more schools more quickly, but it does not surprise me. Our task—the reason we collect this information is both to make sure we do not make decisions of the sort we did in the past and to improve, to manage down, that risk. That is why we have the capacity-building funds referred to by the NAO—to seek to help to tackle the ability of those trusts to take on more schools.

- Q75 Chair:** Is there not a danger of there being orphan schools that will not be attractive to the trusts—we heard from two multi-academy trusts earlier—and, unless you have another support mechanism, will end up with no one to support them?

Jonathan Slater: Are you talking about schools that are failing?

Chair: Yes—schools that are failing that need to come in and that the trusts locally will not take on. What is plan B?

Jonathan Slater: Where a school has failed its Ofsted inspection, we need to find the right sponsor for it, and that can take time.

- Q76 Layla Moran:** Seventeen months!

Jonathan Slater: Well, it can. The data shows that the average for the last 12 months has been eight and a half months, but it certainly can be hard, and it can be harder in some parts of the country than in others. Where you have more academisations taking place, there are more opportunities.

We are converting about 1,000 schools a year. Good and outstanding schools are choosing to become academies each year, which creates more capacity to take on more failing schools, but certainly, we sometimes find ourselves in a situation where a failing school does not have a sponsor ready for it straightaway at all. The task for us then is not to simply wait until there is a sponsor but to get some help in straightaway. In those circumstances, we would pair up the school with a multi-academy trust,



HOUSE OF COMMONS

with a local authority or other school improvement service, while we were seeking a sponsor. That can work well. I can give you examples of that. It is important to get in there right away, not just wait for a sponsor.

- Q77 Layla Moran:** In my local area there is a school called Rose Hill primary, which waited more than two years. Actually, in that time, it turned itself around, and it did not have to do it in the end. How common is that story?

Jonathan Slater: I think there are 18 schools that were due to be directed to become academies because they had failed their Ofsted inspection, where it was going to take time to secure a sponsor, we worked with the school accordingly and they improved themselves. Great. The objective in the end is improvement, isn't it?

- Q78 Layla Moran:** Back to the lessons learned—this is the key thing I want to get out of this line of questioning—what precisely are you going to do differently, other than the financial oversight you have put in place, with school improvement oversight? Is that something you would consider, as per our pre-panel?

Jonathan Slater: We are continuing to improve it over time. We would hope to—

- Q79 Layla Moran:** Doing precisely what?

Jonathan Slater: What have we started doing? In the light of the challenges of the speed of conversion you referred to earlier, we now have a PFI cost model in place—that is often one of the problems—which sets out really clearly how to resolve those PFI issues and a process in support of it. We are monitoring much more frequently than we used to each of the stages in the processes and holding people to account for seeing those through quickly. Where we do identify a need for capital to unlock the issue, we provide funding in support—where it is needed—more quickly than we used to.

- Q80 Layla Moran:** How are you providing things more quickly? Is there more resource behind it? What are you actually doing to drive that?

Andrew McCully: All your excellent witnesses earlier talked about how much we—the system as a whole—have been learning over the process, and I think we all have. The document that I would dearly love there to be wider understanding and knowledge of—"Multi-academy trusts: good practice guidance and expectations for growth"—is a pretty fundamental document for all Regional Schools Commissioners and all multi-academy trusts. We published that just over a year ago, and it encapsulates the sorts of things that we should be looking for when trusts grow, such as governance. We understand that, although I agree with Emma Knights that we need to continue to learn and improve what we understand by effective governance. I refer all Members to that pretty fundamental document, which captures the learning about how school improvement should improve.

- Q81 Layla Moran:** There is quite a lot of regional variation in the speed of



HOUSE OF COMMONS

conversion. What is causing that, and what can you do to improve it?

Andrew McCully: Yes, there is regional variation. The regional variation involves a number of factors—

Chair: Focus on the speed.

Andrew McCully: Speed, yes, but the speed is related to the capacity of sponsors and the number of factors that delay conversion—the role of dioceses, for instance, because many of these schools are Church schools, so the capacity of dioceses and their control of the land are factors of speed. So variation depends often on the capacity of sponsors, the formation of schools in those areas, and a range of other local factors.

- Q82 **Anne Marie Morris:** Looking more closely at the financial situation, there has been a rather different approach historically, in how you look at the financial risk of a school, between a school that comes in as a sponsored school and one that comes in voluntarily. There have been some problems with the ones coming in voluntarily, and within 12 months or so they have gone on the risk register. What went wrong, and what are you now doing differently with regard to those schools coming in that are not sponsored to avoid that in future?

Andrew McCully: May I just say that every decision to agree the conversion of a school, no matter what type, will look at financial details? Every headteacher board meeting, where they advise the Regional Schools Commissioners, will always look at the financial statements, both of the school that is looking to convert and, if it is joining a multi-academy trust, the multi-academy trust. That is in every single decision—there is no absence of financial information in those statistics.

Jonathan Slater: What it has proved over time is the extent to which we are doing that. The Regional Schools Commissioners who are looking at educational performance in the ESFA are looking at the finances and are working together much more closely than they used to do several years ago. The ESFA is always at those headteacher board meetings. They used to operate on the basis of one year's forecast data; since March, they have been requiring all trusts and schools to set out a three-year financial forecast, so we have much more data than we used to have to inform that assessment.

- Q83 **Anne Marie Morris:** How much more? It is one thing being given some figures, even if you get more figures over a longer period of time, but without actually getting into the detail, sitting down to talk to that school in depth about exactly what those figures mean—

Jonathan Slater: Absolutely. I think we have been on a—on a ridiculous cliché. I stopped myself! We are improving over time, so three-year forecasting is better than one. At previous meetings of the Committee, we have talked about the benefits of having what we call school resource management advisers able to engage at the individual school level to find out in detail what's going on, in exactly the way you described—

- Q84 **Anne Marie Morris:** That sounds like a good thing, but is it done in every



HOUSE OF COMMONS

case?

Jonathan Slater: Which we are now doing. We didn't use to have that level of engagement with schools. We are now putting that into place. Some pretty detailed assessment is actually carried out by the ESFA. I have sat at headteacher board meetings where the ESFA has been reporting back on school X—this is a 20-page template, so a lot of detail—

Q85 **Chair:** It is always good now, but why wasn't it okay sooner—I think is what Ms Morris is asking? Why wasn't this done earlier? You are on a journey, you have learned all this—this is basic due diligence that would surely have been taking place. In fact, local authorities ought to have been doing that in their own areas, and were doing in the best cases.

Jonathan Slater: Yes, and they were doing it better in some cases than others. Absolutely. Looking back, clearly, there was a focus on the pace of the change. The NAO carried out an investigation back in 2012—I don't know whether any of you were on the Committee at the time—and described it as a significant achievement to have created so many academies so quickly. There was a potential benefit to be achieved by that, but there was plenty of potential risk created.

In the case of Wakefield, they took on 14 special-measures schools in less than three years—that creates capacity, and you can see why the Department at the time would have wanted to offer those kids something better than they were getting, but clearly, looking back, there was more pace and less detailed consideration, so that is what we are doing now.

Q86 **Anne Marie Morris:** Mr Slater, how shall we ensure that there aren't any more Wakefields waiting to happen? Your systems, you tell me, are robust and fool-proof now—you admit that they weren't before—so what are you doing about the ones that have already been approved? Are you looking again at their systems? We talked about the cruel pressure, but I suspect that is about the annual position, rather than about fundamentally looking at the school from scratch.

Jonathan Slater: No. You are obviously right that the assessments of financial sustainability and the quality of governance that we need to carry out for our trusts needs to be done for all of our existing trust, not just the ones that are to be proposed.

Q87 **Anne Marie Morris:** And are you doing that?

Jonathan Slater: Yes. The NAO says that we are carrying out "rigorous" assessments, and that the Department has "strengthened the standards of governance" and "improved its scrutiny of applicants' financial health". It's not done, but they have been looking at it for the last few months, and we are doing this a lot better than we were.

Anne Marie Morris: What does "a lot better" mean?

Q88 **Chair:** Do you think there is still more to be done?

Jonathan Slater: Will we uncover further challenges of the sort that other members of this Committee have identified? You would imagine we



HOUSE OF COMMONS

would. It would be foolish of me to sit in front of you and say that there won't be any more problems. My task is to identify them and get on top of them as quickly as possible.

- Q89 **Anne Marie Morris:** Yes, but how are you doing that? Giving schools a hard time isn't the answer.

Jonathan Slater: We are doing it in the way I described. We are asking for more detailed financial assessments, looking three years ahead. Where we see concerns raised from that data—in exactly the way you said we should be—we have recruited experts and we are sending them into the schools to see whether they are convinced by what they see or not. They are reporting back. There is a much more rigorous level of engagement than there was.

- Q90 **Chair:** There was a cost to that, of course, that was previously borne by local authorities.

Jonathan Slater: There was, but it is better to get ahead of it.

- Q91 **Caroline Flint:** Some 7,000 schools have converted since 2010. What is your schedule for getting through those 7,000 schools?

Andrew McCully: All of them?

- Q92 **Caroline Flint:** Yes. The Report says: "By January 2018 the Department had converted nearly 7,000 maintained schools to academies". I am interested in the process. Going back to my colleague's point about the existing ones—the stock—which you said you are trying to get through quickly, what is your schedule for getting through those 7,000, and how are you doing that?

Jonathan Slater: We have now required three-year financial forecasts from all of them. We have started sending school resource advisers into schools. We obviously want to learn as we go. It is going to take us a good couple of years to get all those advisers right across the whole of the system, and get the level of detail we need.

Andrew McCully: Can I just emphasise the importance of the financial forecast and financial returns, and indeed the audit returns for all trusts? Every trust must produce that. The analysis that must be done by ESFA, and the triangulation with education results, provides some really effective predictive information. We can then deploy resource accordingly to follow up some of those concerns. Using the data, you can start to reach all trusts, even in the numbers we are talking about.

- Q93 **Chair:** It does seem as though this is reinventing the wheel. We had local authorities—some were not performing, and some were performing very well—and we were watching the money. Now, we have got multi-academy trusts and the Department. We have got everybody: the Report lists all the people crawling over the finances at expense. Are you going to be doing any analysis of what it is costing to send in these school resource officers from the centre? That money could have been in local authorities, or indeed in local academies.

Jonathan Slater: Obviously, it would be possible to manage the system through local authorities. It is possible to manage the system through academies.

Q94 **Chair:** You are reinventing it.

Jonathan Slater: Yes, but the Government elected in 2010 with a manifesto proposal to set up a set of academies has done so. Our task is to manage that system as well as we can. That is our judgment, as the Member for—I am never sure how I am supposed to name you.

Anne Marie Morris: Ms Morris will be fine.

Jonathan Slater: As Ms Morris said. As Andrew said, we can get a lot of really good data through returns and accounts. In some cases, it is beneficial to employ people and send them in. That is a discretionary cost, but the advantage of doing it is that you will reduce the likelihood of more Chesters.

Chair: Okay. I am going to come back to that.

Q95 **Sir Geoffrey Clifton-Brown:** Financial stability and educational attainment must be closely aligned, so why are the two regulatory organisations—ESFA and the Schools Commissioners—not more closely aligned? Indeed, why are they not joined together?

Jonathan Slater: They are getting increasingly so on the ground. We have a series of regional offices around the country, as you would expect, in Bristol, Cambridge, Croydon and so on. I was in Bristol a couple of months ago. The teams are co-located.

Q96 **Sir Geoffrey Clifton-Brown:** Why don't you just merge them?

Jonathan Slater: You could merge two bits of the Department for Education into one. I would hope that I could persuade the Bristol funding finance team and the Bristol performance team to work as one without a structural change, because there are pros and cons of structural change. They are working really closely on the ground. I would expect one conversation between the school and the two of them.

These are people who work for me; they are civil servants in my Department. Some of them are finance experts in the funding agency, some of them are performance experts in the Regional Schools Commissioners' offices. Both are civil servants in the same office and there is no reason why they cannot join up, which they must do.

Q97 **Chair:** I think Sir Geoffrey's point is about joined-up working, but there is also a spaghetti soup of organisations. I have just jotted down the ones that spring to mind: Ofsted, local authorities, multi-academy trusts, the DfE, ESFA, Regional Schools Commissioners. It used to be Ofsted, local authorities and schools, with the Department overarching, but it has become a lot more complicated, hasn't it?

Jonathan Slater: Clearly in circumstances where a Government is elected on a manifesto to create some academies alongside local authorities, you



HOUSE OF COMMONS

absolutely have a new player in town, haven't you? Our task is to make that as efficient and effective as possible. In the initial period it was all about single-academy trusts, as you were discussing. Over time, it has become much more a game of multi-academy trusts, which is an additional body, but that seems to me to be a good thing because it provides opportunities.

One of the most interesting things about multi-academy trusts is that the research that we've seen shows that teachers within multi-academy trusts are moved within their MAT towards the most disadvantaged children, whereas outside multi-academy trusts teachers typically move away from the most disadvantaged children.

Chair: I think we are in danger of bringing in stuff that we haven't seen. You could argue that federations do the same thing.

- Q98 **Sir Geoffrey Clifton-Brown:** If I were running a multi-academy trust or an individual school, I would much prefer to deal with one set of civil servants, rather than having to have to deal with the big disruption of two different teams coming in, so why not merge the two organisations?

Jonathan Slater: There is only one organisation: the Department for Education. In all seriousness—

- Q99 **Sir Geoffrey Clifton-Brown:** But two different teams are going in.

Jonathan Slater: That would be bad. That has been the case in the past, and we are saying no, we want one conversation between the Department and the trust. Educational and financial expertise are different but related. I would want some experts on both money and on educational performance and I would want them to work together and to have one conversation with the trust. That hasn't always been the case, but there is absolutely no reason why it shouldn't be now, because they both work for me.

Chair: You hear where we are coming from.

- Q100 **Gareth Snell:** I will start with a point of pedantry: you say all around the country, Mr Slater, but Bristol, Croydon and Cambridge is not all around the country—that is the south of England. There is a whole world north of the Wash that also has education issues.

Jonathan Slater: We have them all over the country, I promise you.

Andrew McCully: Darlington, Sheffield and Manchester are the offices there.

- Q101 **Gareth Snell:** Anyway, I just thought I would point out that the north exists. Mr Slater, is there any evidence to suggest that rescuing underperforming schools via forced academisation provides better value for money than a rescue package for them inside a local authority?

Jonathan Slater: I don't think I am going to demur from the previous witnesses who you heard from, in that it is pretty difficult to look at the counter-factual and what would have happened, isn't it? We can see from



HOUSE OF COMMONS

simple facts that seven out of 10 sponsored academies—the ones that were struggling before—are now good or outstanding. That covers half a million children. Would it have been possible to do that a different way? It may well have been.

Q102 **Gareth Snell:** But there is no quantifiable, tangible collected data or evidence held by the Department to suggest that the value for money for the pound that you are spending gets a better result through the forced academisation process than through a continued local authority process?

Jonathan Slater: When you say “forced academisation”, do you mean the requirement to become academies for those schools that fail their Ofsted inspection?

Q103 **Gareth Snell:** I mean the requirement in the 2016 Act for schools to become academies if they get a bad rating. Is there any evidence held by the Department that says that it is better value for money for those schools to be put into a forced academisation process than to be retained by the local authority?

Jonathan Slater: I can’t prove that—

Gareth Snell: That’s fine.

Q104 **Chair:** But the Report highlights in its conclusion about the cost of £745 million—

Jonathan Slater: I suppose my point is that nobody could.

Chair: The money that has gone in—well, Mr Snell can pursue this.

Q105 **Gareth Snell:** Going back to the case I raised earlier, the University of Chester Academies Trust took on three good schools, and one of those schools became rated RI. That school is part of an academy chain. Given that it is an academy, but if it had been a local authority school it would now be required to become an academy, what happens to it, and where are the costings in terms of value for money for that process?

Jonathan Slater: What we can say is that turning local authority-maintained failing schools into academies has largely succeeded in turning those schools round—that is a simple matter of fact. One out of 10 were good or outstanding before; seven out of 10 now—half a million pupils.

My task is to implement Government policy, and that is what I have been doing, and that has been the effect. Could one have achieved change in other circumstances? Yes. Are there some academies which fail? Yes. Where an academy fails, we seek a better sponsor to sort it out, which, as I say, was the case for 2.5% of them in 2016-17.

Q106 **Gareth Snell:** My interest in this is purely about value for money. The bulk of schools that become academies are good schools, and the bulk of the money your Department is spending on helping schools transition is on good schools becoming academies.

What I want to try to understand is whether anything suggests that the



HOUSE OF COMMONS

money you are spending on schools that are requiring improvement to become academies, and then become academies, would be any better spent if those schools had stayed with the local authority or another service. I do not think any quantifiable evidence would suggest that from a value for money perspective the academy system is any better than the local authority system.

Jonathan Slater: Andrew will come in to get into more detail on this, but, on the point of encouraging good schools to convert, there are two purposes to it. One is because the international evidence from around the world—research in 2010 and 2013—is that if you look at getting good schools to great, the answer is to decentralise more authority to the individual school. That is generally why you do it: for the benefit of that school.

But increasingly the purpose of those conversions is to help the schools that need the help. For a forced conversion of a school that has failed, you want to pair it up with a school that is good, or two schools that are good, and you can only do that if you convert those schools. They can work better together than on their own, in the way you were hearing from the previous witnesses.

Q107 **Chair:** Sorry, but there are other ways for schools to pair up. Let us be clear. It is not through just multi-academy trusts but partnership with local authorities—

Jonathan Slater: It is not the only way in which it can be done—

Chair: Families of schools. School improvement areas.

Jonathan Slater: I have accepted that it is not the only way to do it. You heard from someone sitting in this chair half an hour ago who said in his 60 years it has been the best way of doing it—that was his view. My point is that if you want me to be doing my best to turn around failing schools in an academy system, my best opportunity for doing so is to pair them up with good schools, and that is what we are doing.

Q108 **Gareth Snell:** I am not questioning the policy, because that is beyond the scope of the Committee, but I am uncertain whether there is any evidence to check the value for money of that policy in terms of achieving the outcome it sought. Otherwise, we could be in a situation where we are spending vast sums of money to transfer schools over to academy systems without really getting any additional educational output or improvement in those schools for the money being spent. I know we cannot go into that today, but that is the point I am trying to get at.

Jonathan Slater: I am already pointing you to international evidence that suggests—

Layla Moran: They stopped doing it in Sweden.

Jonathan Slater: Different countries take different approaches, but looking—



HOUSE OF COMMONS

Q109 Gareth Snell: Mr Slater, you cannot cite one country as an example and then say, "Other countries have different examples" if there is a counter-argument. But we are getting off the point, aren't we?

Jonathan Slater: I will drop you a line, if this will be helpful, with the 2013 research that looks at a million children over 42 countries on the PISA data, which saw the benefits of school accountability for driving up standards. That is the thing I was referring to.

Layla Moran: That's true, but that could be done without the current structure.

Q110 Gareth Snell: Any deficits that RI schools that get converted have get transferred or retained by the local authority, so that the incoming school has a zero rating for any financial problems. Has the Department quantified how much of a burden that has provided to local authorities over the last few years when those schools have been transferred?

Jonathan Slater: You did a bit of pedantry on me; I hope you don't mind if I do a slight bit of pedantry back to you. I think we are talking about inadequate schools, not requires improvement schools. These are schools that fail their Ofsted, because obviously some RIs—

Gareth Snell: Yes.

Jonathan Slater: It is true absolutely that if a local authority-maintained school fails its Ofsted—

Q111 Gareth Snell: There's no need to explain my question back to me. My question is very simple. Has the Department quantified the cost to local authorities where they have had to take on those deficits?

Jonathan Slater: I don't think we have totalled it. We don't want to incentivise them. We want them to sort out their schools and stop them getting into deficits. We don't want to pick up their deficits because they failed to run their schools properly.

Q112 Gareth Snell: No, but where local authorities are taking on that deficit, would you be able to provide that figure to us?

Jonathan Slater: I will see what I have and obviously share it with the Committee.

Laura Brackwell: We made an estimate, based on averages, that in 2016-17 it was approximately £7.8 million. That was our estimate.

Andrew McCully: The NAO drew from information that we share, but it is just an approximation on averages, as the NAO said.

Chair: But it has a big impact on other schools if the LEA is having to—

Q113 Gareth Snell: Given that there will be regional variations in this, which I know my colleague will come on to, are you not simply laying a burden on local authorities, which are already financially squeezed, as per an excellent report we have done previously? That gives them an extra



HOUSE OF COMMONS

burden they have to pick up, in a situation where frankly they are not being funded enough to do that. What discussions are you having with the HCLG? If it is the ambition of your Department to progress this, and more and more schools will convert, there will potentially be a much larger financial burden placed on local authorities, for the cost of conversion alone and also for the cost of picking up deficits for schools that are inadequate.

Jonathan Slater: For a school that we are directing to be sponsored with a deficit—

Andrew McCully: They will stay with a local authority, but for schools that choose to convert, if it has a deficit, it does not leave that deficit with—

Jonathan Slater: The conversations we have with the Local Government Association and with directors of children's services are about the importance of good medium and long-term financial management of their schools, just as we have to do with our schools, to minimise the numbers getting into deficits. We share all the tools we have, which we are describing, with local government and I would expect councils to work with their schools to stop them getting into deficits. That is their job.

Q114 **Gareth Snell:** Okay. Should the land of milk and honey ever arrive, that will be the case; but at the moment, for schools that are directed, their deficit stays. The NAO's own Report says that the grant that is given to schools, local authorities and various other partners for the conversion doesn't really cover all the costs.

We heard from previous witnesses that there are additional costs incurred elsewhere. If it is the Department's intention to speed up the process and convert more and more schools to academies, whether they have a deficit they take with them or not, there will still be a cost burden for the local authorities. Has the Department done any work to estimate or quantify what that additional cost burden may be and work out who will pick up that tab in the local authority, given that they are squeezed already?

Jonathan Slater: Sure. I know this is not the purpose of this hearing, but there are £4 billion worth of surpluses, of which £2 billion is held by local authority-maintained schools as opposed to £200 million worth of deficits.

Chair: These are aggregates.

Jonathan Slater: Aggregates, yes, but they do exist. On the specifics, we have estimated—it is referred to in the NAO Report—the cost incurred by a local authority of its end of the conversion. We are keen that local authorities bring down their costs to the maximum degree possible. A local authority that is managing its maintenance of its schools really well, understands the finances of its schools and understands the lease and land arrangements can do it more cheaply than a council that is not on top of that detail, and we want to incentivise them to get better at that. The estimate is there—I do not have the thing in front of me, but it is £6,000



HOUSE OF COMMONS

or so—and they of course have the ability, if they choose, to bill the school accordingly, as the Report sets out.

Q115 Gareth Snell: It sounds to me like you are suggesting that where a local authority or a school incurs additional costs above the grants that are offered by the Department for Education, it is their own fault. Is that what you are saying?

Jonathan Slater: No.

Andrew McCully: I am not saying that, but it is the case that the costs can vary, and the grant for a conversion has always been a contribution to the overall costs.

Q116 Gareth Snell: Just finally from me, the NAO Report is quite clear that there is an average figure for how much conversion costs where it is voluntary, and that a grant of £25,000 is seen as either about right or, by about one in three schools, not quite enough. What work is the Department for Education doing to better understand, quantify and put an actual figure on the cost of conversion, so that it can be sure that it is not either giving too much money for conversion or simply pushing a burden on to local authorities or other organisations whose funding is already being squeezed by the Government?

Chair: Indeed—we heard from one of the MATs earlier that it has cost them money.

Jonathan Slater: As Andrew said, we are not claiming that the £25,000 grant is going to cover all the costs for the average school. We have done that calculation, and the answer is that it is not. We want to get the balance right here. You have pointed out—I think you might have quoted this figure yourself—that £745 million has been spent. The more one increases the grants available to schools to convert, the more expensive it gets.

We want to incentivise schools to do that as cost-effectively as they can. The fact that the majority think that that money is enough suggests that we have got it in the right sort of place. We can incentivise people to bring it down. We want them to think carefully about the costs and benefits—we want them to think carefully about how they are using public money—so we place it at the point we do.

Q117 Gareth Snell: How can you be certain, Mr Slater, that where you have large multi-academy trusts that are essentially going around hoovering up individual schools, for which the conversion process will be relatively cheaper because they presumably will fund the work, they are not making a profit off that? I understand your point that you want to incentivise—that is quite right—but surely what you are saying is that the incentive you are giving is that there is not enough money to do it.

Jonathan Slater: As I said, we receive nearly 1,000 applications from schools each year to convert. On the face of it, that does not suggest that we are making it financially difficult for schools to choose to convert. I think we are judging that—

Q118 **Chair:** Well, finance is only one part of it.

Jonathan Slater: Sure—absolutely—but where we put extra resource is not in respect of conversion, but in respect of turning around failing schools. It is the sponsored schools that get the additional money, because they need to get improved.

Andrew McCully: I would refer you back to the previous witnesses. You heard from two important trusts—the Northern Education Trust and the Devon trust. I think you heard that neither is looking at hoovering; they do their due diligence about the effectiveness of the schools very carefully in terms of—

Chair: We heard that evidence, yes.

Q119 **Anne Marie Morris:** Some 31% of primary schools are rural. That seems to me to be a huge challenge in terms of value for money for the taxpayer and, frankly, value for those schools. How many of them have looked at academisation—I suspect there is quite a push-back—and where is the value in them doing it?

Jonathan Slater: I do not have a figure for the number of rural schools that have considered academisation.

Q120 **Anne Marie Morris:** Could you write to us with that?

Jonathan Slater: I will give you what I have, of course. We are obviously very focused on the question of how to support rural schools and small schools to become academies. In principle, the opportunity presented by a multi-academy trust should be greater for a smaller school than a larger one, because it provides the potential to achieve more economies of scale.

Q121 **Anne Marie Morris:** But some of the schools are quite rural and distant.

Jonathan Slater: And so it is difficult stuff—absolutely. The good practice guide that Andrew was describing, which was published in December 2016, sets out some specific case studies where rural schools have really benefited from academy status.

Q122 **Anne Marie Morris:** But that is not the same thing as a proper strategy and plan by the Department for Education for how you are going to make that possible and deliverable.

Andrew McCully: It is part of it. The increasing experience that we have of small schools and rural schools coming together is part of the continuing support that we can offer. Let me offer you an example: the Consortium academy trust, which operates across the borders of Suffolk and Norfolk. It is a wholly primary-age trust. There are over a dozen small primary schools within that trust.

There are examples that we can offer of that sort of trust. We do that across the Regional Schools Commissioners' offices, in terms of their messaging and advice to other schools about how they can come together in clusters, how they can share resource—both financial resource, but most importantly the teaching resource in those clusters—and how they



HOUSE OF COMMONS

can benefit from the school improvement activities better than they could if they were individual schools. There I reflect the messages that you were hearing from our colleague from Devon just a few moments ago.

Q123 **Anne Marie Morris:** I would love it if you could give an example.

Andrew McCully: I will happily send you some.

Q124 **Anne Marie Morris:** I think one of the challenges is that if you do not have a secondary that wants to take on some of these primaries and the primaries are left with the option of doing it themselves, the financial upside and value for money is very much smaller, never mind the fact that there are infrastructure challenges with regard with broadband. Have you looked at different ways of working together in a rural area, where often there isn't broadband and there isn't a bus every day and we can't afford a school bus to go and collect people? There are so many different challenges in rural areas. Have you even begun to look at putting forward proposals to help them?

Jonathan Slater: The approach we have taken is to look at where it has been done successfully. The Suffolk example is one. Peterborough diocese rural schools is a group of small schools with dozens of kids per school, which is doing it successfully. We are drawing the attention of others to those examples, to demonstrate how in practice that can be addressed.

Q125 **Anne Marie Morris:** What are the barriers? How can they be solved so it is not just saying, "Here is a nice case study"—which may or may not apply—but actually saying, "We recognise this, that and the other barrier, and this is what you can do about them"?

Jonathan Slater: That's what we did in what we published before, and we are doing further work, which we will publish later this year.

Q126 **Chair:** One of the things that came out of the previous session was that a small school is bringing very little to a multi-academy trust. What I was hearing from them was a death knell for small schools. Is that what is resonating in the Department?

Jonathan Slater: Sorry? What is the death knell?

Chair: If you have a very small school, you are not bringing anything to a multi-academy trust. In fact, you are draining the funds from other schools because you are not bringing much to the table.

Jonathan Slater: I see a much more positive opportunity presented by multi-academy trusts for rural schools. You can see why people might imagine that if they hadn't been part of one, and our best strategy for tackling that—

Q127 **Chair:** If multi-academy trusts will take them on; what we are hearing is that it is not always worth while for them to take some schools on.

Jonathan Slater: No. The challenge that we face—

Q128 **Chair:** This is the problem with the pick and choose, isn't it? Local



HOUSE OF COMMONS

education authorities have to provide the support. Multi-academy trusts can turn down schools, often for very good reasons. We heard some very good examples of due diligence. Is it the death knell for small schools?

Jonathan Slater: No.

Andrew McCully: You are presenting a picture of the relationship of one trust choosing other schools. Your previous witness, Emma Knights, talked about schools coming together within a multi-academy trust. The phenomenon that we have seen of schools choosing to work together and of the strength of governance that multi-academy trusts offer is a model that is increasingly part of the system.

Chair: We were opening up a whole other debate, in a sense. Ms Phillipson, over to you.

Q129 **Bridget Phillipson:** We heard earlier from the pre-panel about the lack of certainty that they felt there was around direction. What do you expect the balance to be between academy schools and maintained schools in the next couple of years? Where do you think we will be? Where will we end up?

Jonathan Slater: Those are two different questions. Where will it end up in two years' time? We have just shy of 100 applications for conversions each month—about 1,000 a year. That is what I expect to happen in '18-19. That is what we have budgeted for. I would not be at all surprised if that continues to happen in '19-20.

Bridget Phillipson: As we have heard, we have a very different picture in some parts of the country. In some areas, where you would have no or few maintained secondary schools, it is quite difficult for those local authorities to plan effectively in terms of school-place planning. What work is the Department doing to make sure that there is a joined-up way of working between academies, councils and so forth to have a vision for education within their community?

Jonathan Slater: Absolutely. The local authority has some really critical responsibilities, which you have hinted at, that apply whether it maintains the schools locally or not. It is the responsibility of the local authority to secure sufficient school places, as you know, and it is therefore vital for the Regional Schools Commissioners and the local authorities to work closely together.

I was surprised, when I joined the Department a couple of years ago, by just how many multi-academy trusts and single-academy trusts work in partnership with the local authorities. Having been out of the system for a while, I had imagined that it would not be like that, but most—three quarters of all multi-academy trusts—have formal relationships with the local authorities, and 87% of single-academy trusts are working with councils and other trusts. That sort of integration is absolutely vital.

Q130 **Bridget Phillipson:** We have heard from our colleague James Frith about the situation in Bury, for example, which has one of the lowest academisation rates in the country—just 8% of schools. What can the



HOUSE OF COMMONS

Department do to support schools that can no longer be supported sufficiently by local authorities—they are increasingly stretched—but do not wish to become academies? Let's say you have an area where there is a very low number of academy schools and no real desire, it would appear, for that to change, but increasing pressure on the resources that councils have.

Andrew McCully: There are two things there. I think you are talking about school improvement funding and the school improvement funding that the Department makes available. For instance, at the moment, a strategic school improvement fund is available to academies and to local authority-maintained schools. We receive propositions for the best use of that funding and are continuing to do so at the moment. But even more important is the way in which school improvement happens at local level.

It is—again, as your previous witnesses were saying—about effective schools working with those that need help. That is a school-led system and it has been the bedrock of the academies' approach, but also, academies are increasingly working with other types of school, whether that involves the teaching schools, national leaders of education or those beacons of excellence that are there as part of the system. That is, I think, the answer to the sort of circumstances that you are talking about in Bury and which you will see in other parts of the country, too.

Q131 **Bridget Phillipson:** The situation can be very different in other parts of the country but, to give a local example, in my community we have an academy school, Kepier School in Houghton-le-Spring, that has been an academy for some time and is currently going through the process of a new build through the Education and Skills Funding Agency, but at the same time there are discussions about the need to provide places for the future.

We are seeing significant housing growth, and there will be the need to provide more places, but no discussion is taking place between the ESFA and the council about the projected numbers, so we are potentially going to end up with a school that is too small for the local community. That just strikes me as an example of how we have a very disjointed, fragmented system.

Jonathan Slater: Yes; Andrew could talk you through this, but the local authority has the statutory duty, and we work very closely with each local authority to explore the extent to which they are fulfilling that properly, and produce published scorecards and engage with them to make sure that they are providing sufficient places for the coming year, whether that is from local authority-maintained schools or academies. If you have an example where you don't think we are having those conversations—

Q132 **Bridget Phillipson:** Well, they are not consulted on the shape and size of the build of new schools, and that seems to be a weakness in the system. We don't currently have a shortage of places, but we will shortly have a shortage of places. We are spending lots and lots of money on a wonderful new building that may, in a couple of years' time—

Jonathan Slater: Not be big enough.

Bridget Phillipson: Yes.

Andrew McCully: I don't know the particular case in your constituency that you are talking about, but it is certainly the case that some of the new builds—the actual design of the school, the actual plans, and the tendering for that—typically take between two and three years, so—

Jonathan Slater: If you wouldn't mind just dropping us a note, we will see what we can do.

Q133 **Bridget Phillipson:** Yes; thank you. More broadly, as primary schools are largely run by local authorities still, and we have heard that there is a split between primaries and secondaries in terms of the process, how is the Department trying to work across the system to make sure that there is some co-ordination between primaries and secondaries? The landscape is very different in terms of the status and make-up of those schools.

Jonathan Slater: Yes, that's why I was referring to the way we encourage academy schools to work with other schools in the area, including the local authority-maintained ones, and indeed the local authorities. There are good examples of Regional Schools Commissioners and local authority schools working together for the benefit of pupils in their locality. Portsmouth is a great example. Sorry—I chose one in the south. That is absolutely not as widespread as we want it to be, but all our Regional Schools Commissioners see it as an absolutely fundamental part of their job to work collaboratively with the local authority, precisely to support schools collaborating well, whatever their formal status.

Q134 **Bridget Phillipson:** Moving on to the evidence about the impact that academisation can have—we have touched on this already—what evidence is there that the process of a school becoming an academy improves standards? I am thinking particularly about communities where there is the greatest degree of challenge with disadvantaged young people.

Jonathan Slater: As you say, we have touched on this before. At the macro level, I have pointed out that 70% of sponsored academies are now good or outstanding. As one of the previous witnesses said, there are some schools for which the nature of the challenge is really very serious indeed. We have been doing quite a bit of work in the Department on that question in the last year.

What lessons can we learn from those that seem like they are almost impossible to sort out but have been sorted out, and from those that haven't? The sort of lessons you learn won't be an enormous surprise to you. They are about the quality of sustained leadership, to take the most obvious example. We see it as our responsibility to get under the skin of that, because those schools are now ours, so we have done quite a bit of analysis.

Andrew McCully: If you are asking about the actual process of conversion, we have said on many occasions, like the other witnesses, that academies are not magic bullet that will achieve increased standards through the process of conversion. The important point that all your previous witnesses made, and I echo again, is that it creates the governance and the effectiveness for collaboration to achieve the school improvement that needs to come.

Q135 **Bridget Phillipson:** It is potentially a very costly and time and energy-intensive process that may not, in and of itself, provide solutions to the problems we all want to resolve. We all want children from disadvantaged backgrounds to get the best start in life. We all want to see standards rising in schools. There is a focus on structure over the other things our witnesses said are crucial in raising standards, but they need to go hand in hand with any structural reform.

Jonathan Slater: They absolutely do. We are talking about the conversion to academies, because that is the NAO Report and the hearing, but as you say, I am in front of you every month. I have said that the way we recruit and retain teachers, the way we develop people in their post, and the curriculum that is provided, are more important. We are discussing academy conversion because that's the subject. We are saying it isn't a silver bullet.

Q136 **Chair:** It is a major plank of Government policy.

Jonathan Slater: It is a major plank of Government policy, and in implementing that policy we have been able to turn around half a million kids-worth of schools.

Q137 **Chair:** And we've seen what the costs are in the NAO Report, and you've also acknowledged that it's difficult to measure against what would have happened if it had been done in a different way.

Jonathan Slater: We have. I just didn't want to repeat any of that.

Q138 **Bridget Phillipson:** As we have already heard, many of the schools that have become academies were doing all right anyway. They are less of a concern.

Jonathan Slater: These two things are not independent of each other. You turn around a failing school by pairing it with a school that is good. You achieve better together than individually. Could you have done it another way? Yes. Might we at some point in the future, if there were a different Government, do it a different way? Yes, but this is how we've done it here. You can't do one without the other.

Andrew McCully: You heard from an experienced multi-academy trust earlier, and you would hear the same message if you had any—indeed, all—multi-academy trusts sitting in front of you. The strongest governance model, in their experience, comes through the multi-academy trust model.

Q139 **Bridget Phillipson:** As we heard from Mr Walton and the previous panel, many of the schools that have difficulties now have had difficulties for a



HOUSE OF COMMONS

long time. We can all point to them; we know where they are. I grew up in Sunderland, and many of the schools that had problems 20 or 30 years ago have still got problems today. This process, in and of itself, doesn't sort that.

What I want to know is, what is the Department doing to collect proper data to measure the impact of its policy objectives—particularly on improving outcomes for the most disadvantaged young people? In preparing for this session, I could not really find a great deal of evidence that the Department holds on the impact that the programme has. Other people are collecting bits of evidence elsewhere, but it is not clear what impact it is having on disadvantaged young people.

Andrew McCully: I would be delighted to send you some evidence about the impact, particularly through sponsored academies, for disadvantaged people, because we do have evidence about the benefits that sponsored academies have brought to disadvantaged children.

Chair: If it is not delivering that, there is a big question about why ever to do it.

Q140 **Layla Moran:** One of the consequences of many areas having all academies for their secondary schools is that looked-after children often cannot be placed—there is no directive power for a local authority to place a looked-after child in the best secondary school locally. Mr Slater, do you recognise that problem, and is it something that you are trying to solve?

Jonathan Slater: We would expect looked-after children to be the top priority, whether the school is a local authority-maintained school or an academy. There is a right of appeal to the Secretary of State.

Q141 **Layla Moran:** So what happens currently?

Andrew McCully: The Secretary of State can direct the academy to take the child.

Q142 **Layla Moran:** Right, but how long does that take? The problem is that in a maintained school the local authority can simply tell them to do it, and it is much quicker. If an academy says no, that process takes a long time, and these are the most vulnerable children, who we know have difficult outcomes. Is that quick enough?

Andrew McCully: Indeed not. I accept that about the process of complaining and appealing within the academy itself—the first structure is the appeal within the academy trust—but it need not be. Only in the last few days I have been involved in discussions about a particular school in Thanet, for instance, regarding taking a looked-after child.

Q143 **Layla Moran:** To fix it, is it a case of changing the admissions code?

Jonathan Slater: As I said, the Secretary of State has the power to direct. If you wanted to give the local authority the power to direct, that would require a change in the law.



HOUSE OF COMMONS

Q144 **Layla Moran:** By primary or secondary legislation?

Andrew McCully: It is certainly the case that the admissions code gives looked-after children the top priority in terms of—

Chair: Ms Moran and I were comparing notes in preparation for this, and in my borough all the academies play by the rules, if you like, and accept children in care homes. In Oxfordshire they do not.

Q145 **Layla Moran:** In Oxfordshire we had 30 pupils—one of them was out of a school for nearly six months.

Jonathan Slater: Clearly we would be concerned in those sorts of circumstances.

Q146 **Chair:** There should not be that variation for the most vulnerable children. Would you agree?

Jonathan Slater: I would hope that all schools would see their responsibilities properly. I am very happy for you to send me the details that you are describing. I am simply answering the question. If any concerns are drawn to our attention, the Secretary of State has that power, which he delegates to his officials.

Q147 **Chair:** I think we will take this offline, because it is a concern that we have picked up coincidentally in preparation for this that is really important.

Jonathan Slater: Please do drop me a note.

Chair: I think we will take it up with you separately, because it is slightly outside the remit of this hearing.

Q148 **Anne Marie Morris:** In the earlier session, one of the interesting comments made was that there was little clarity now about where schools should be heading. It was going to be all academies; now it will not be all academies. What does success look like? Where are we trying to end up?

Jonathan Slater: Obviously there is something neat about saying that they are all going to be academies by 2022. I guess if I were the permanent secretary whose task it was to implement that policy, I would get over the question about the simplicity and end-point very quickly, but I would be right in the middle of a conversation about the practical challenges of speed versus quality.

The reality of a system that gives schools choices as to whether they become an academy or not is that you cannot be confident as to what will happen at some distinct point in the future, because it is up to them. The Secretary of State, though, made it clear last week that he sees continued great potential in schools becoming academies, to turn around failure, to support other schools, and to grow from good to great themselves.

I have pointed out to you that I expect about 1,000 more this coming year, and the next year. There will be an increasing academisation of the



HOUSE OF COMMONS

system over time, but one in which we will make sure that we are making good judgments, case by case, rather than it just happening in a big bang.

Q149 **Anne Marie Morris:** I understand that, but we are looking now at a very mixed economy in education. I understand the choice bit. We have grammar schools, those outside the academies, the academies and, worst of all, the ones that are falling out entirely—the orphan schools for which, frankly, it doesn't matter which initiative you choose to push forward. They are out of the picture. What are you going to do about them?

Jonathan Slater: What are we going to do about?

Anne Marie Morris: The orphan schools.

Chair: The ones you can't find sponsors for.

Jonathan Slater: For schools that fail their Ofsted inspection and for which we haven't yet got a sponsor, we put a school improvement resource in straight away. Precisely because it will take time to sponsor them, we can put in an interim executive board, we can provide a school improvement—

Chair: You tried that earlier. What if you can't find a sponsor? Do you just keep doing that? Do you accept that, for some of them, you won't be able to find a sponsor?

Q150 **Gareth Snell:** They close, don't they? That was the case in Surrey, where two schools had to be consulted on closure because nobody wanted to take them on.

Jonathan Slater: Clearly, if we have 1,000 more good academies next year than last year, that problem will diminish over time, because we will have more and more schools working. There are twice as many trusts as there were when Whitehaven was given all the schools it was given. There is a lot more choice these days. We can do—*[Interruption.]* What answer would you expect me to give?

Q151 **Chair:** If you live in a certain area, you don't really have a choice. You have the choice of what is going on in your area.

Jonathan Slater: That is why we work collaboratively with the local authority to make sure the school is supported while we seek a sponsor.

Q152 **Chair:** Can you reverse the deal if you have directed a school to become an academy?

Jonathan Slater: We have.

Andrew McCully: Eighteen times when a school has improved there were other circumstances. Again, I thought the evidence provided by our predecessors was really thought provoking and excellent. Emma Knights referred to the discussions that have to take place in the small number of circumstances in which a school may not be viable, in terms of its numbers. Those are discussions that local authorities have all the time. In



HOUSE OF COMMONS

a number of occasions, when a school has received a directive academy order and the local authority itself agrees that the numbers simply do not make that school viable, of course we have a discussion about issues such as mergers or different ways—

Jonathan Slater: We do not just have the one tool. That is the crucial point. We have 800 teaching schools, 500 of which are academies and 300 of which are local authority-maintained. When a local authority school fails its Ofsted inspection and there is no sponsor for it, we send in a new executive board and pair it with a multi-academy trust and it turns around its results. That is what we do.

Q153 **Chair:** We will leave it there, but we will write to you to get an update on the headteachers' pay issue, because I know that you and the ESFA have been looking at that.

Jonathan Slater: The report answers everything. I will do it in writing.

Chair: I am sure that you will have a team of people behind you who will draft that.

Jonathan Slater: I have the answer.

Chair: We haven't got time today. I thank you very much. As ever, the uncorrected transcript will be up on the website in the next couple of days.