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The creation of academies in England: expected effects, evolution, observed effects and concerns

Anne West

- 1 School-based education in England has been radically transformed with the development of academies. Academies are owned and run by not-for-profit private trusts (exempt charities), which register as companies with Companies House and are subject to company law. They are controlled and funded directly by central government by means of a contract – a funding agreement – between a trust and the Secretary of State for Education.
- 2 The academies programme was first introduced by the Labour government and subsequently revised and expanded by Conservative–Liberal Democrat and Conservative governments. The expansion has been rapid, such that by January 2018 over a quarter of primary schools and nearly three quarters of secondary schools were academies. In total, 35% of all primary and secondary schools were academies (West & Wolfe, 2019). By October 2018, 50% of pupils studying in state-funded schools in England attended academies.
- 3 This paper argues that the academies programme, which has had mixed results as regards pupils' academic attainment, has been costly to the public purse. There have also been serious concerns about the way in which the private providers of academies have used public money. The next section provides a brief overview of the English school system, the development of the academies programme and the distinctive features of academy schools. The concerns regarding costs to the public purse, on the one hand, and the use of public money by private academy trusts, on the other, are then examined. The final section concludes.

The English school system and the development of academies

- 4 The Education Act 1944 established a national system of state-funded primary and secondary education, comprising schools under the overall supervision of local authorities. The local authority was responsible for funding or “maintaining” all such schools. However, from the early 2000s, academies – originally known as city academies – were introduced by the Labour government.
- 5 The overall goal of these early academies was to replace failing schools. The academies were not “maintained” by local authorities, but “sponsored” by businesses, individuals, churches or voluntary bodies, which contributed to the capital costs and then ran the schools. Revenue costs were met directly by central government and set at a comparable level to maintained schools in the area, with additional funds to cover the cost of services for which the academy would be directly responsible once it was no longer “maintained” by the local authority.
- 6 The academy sponsors established trusts, namely private companies with charitable status that entered into funding agreements (contracts) with the Secretary of State for Education. In 2009, the requirement for sponsors to make financial contributions to new academies was removed. By the 2010 general election there were 203 “sponsored” academies out of a total of 3,333 secondary schools (6%) (see West & Bailey, 2013).
- 7 Following the 2010 general election, the Conservative-led coalition government enacted the Academies Act 2010, providing for maintained schools to “convert” to academy status. A key policy goal was for academy status to be the norm for all state-funded schools, with “schools enjoying direct funding and full independence from central and local bureaucracy” (Department for Education (DfE), 2010: 52). The main policy goal was school autonomy, with the assumption being that such autonomy would improve educational standards. From April 2011, all schools “performing well” could apply to become academies. New academies – known as free schools – were also established, and where a local authority sees a need for a new school it must normally seek proposals to establish a “free school”.
- 8 In some cases, the trust runs a single “standalone” academy under contract and some trusts run a number of academies (a Multi-Academy Trust (MAT)) under a single contract. In November 2017, of the 6,100 academies established at that time, 1,668 were standalone academies (27%) and 4,432 schools were in MATs (73%) (see West & Wolfe, 2019).
- 9 The conditions under which academies operate differ from those of schools maintained by local authorities. The requirements of academies are set out in their funding agreement, a legal contract. They are required to offer a “broad and balanced” curriculum and are not obliged to follow the national curriculum. The extant model funding agreement does not require teachers in academies to have qualified teacher status; academies are not obliged to pay teachers in accordance with the national School Teachers Pay and Conditions statutory guidance; and academies are also responsible for their own admissions. Whilst standalone academies have these freedoms, schools that are part of MATs have no legal identity and are under the overall direction of the MAT (West & Wolfe, 2019).

- 10 Research has found that the sponsored academies, which opened under the Labour government between 2002 and 2010, had, on average, a positive effect on pupils' attainment at the age of 16. The effect of the newer converter academies on attainment at the age of 16 was far smaller, and in some cases not detectable. There is considerable variation in the performance of both MATs and local authorities. Many of the highest-performing school groups at primary and secondary level are MATs, but MATs are also overrepresented amongst the lowest-performing school groups (Andrews & Perera, 2017).

Financial issues

Macro-level

- 11 When maintained schools convert to academies, the DfE provides funds to assist with the costs of conversion. A report published by the National Audit Office (2018) found that in 2016/17 the Department for Education spent £81 million on converting schools to academies and has spent an estimated £745 million on conversions since 2010/11. This included grants of £25,000 to schools that converted, and larger grants to the bodies sponsoring new academies. The one-off costs to the Department for Education of converting schools to academies have been £745 million since 2010/11, but the full cost of conversion, including spending by schools and local authorities, is unclear (House of Commons Public Accounts Committee (HC PAC), 2018).

Micro-level

- 12 The accounts of an academy trust must be audited by external auditors and filed with Companies House so that they are available to the public. However, the accounts do not provide a detailed account of how (public) money is spent. This is in contrast to maintained schools, which must provide the local authority with an annual financial statement, presented in accordance with approved headings as laid out by statute. Unlike maintained schools, academy trusts are independent institutions, and have autonomy over financial transactions. Even though there is specific guidance regarding procurement processes, related party transactions, and probity in the use of public funds, concerns have been expressed about how public money is being used by academy trusts (West & Wolfe, 2019).
- 13 MATs and standalone academies are responsible for setting the salaries of their staff. The Public Accounts Committee (HC PAC, 2018) expressed concerns that some academy trusts appeared to be using public money to pay excessive salaries. It noted that the average annual salary of a head teacher in an academy was £92,000 (for a maintained school it was £88,000). However, in 2015/16, there were 102 instances of trustees employed at the trust being paid salaries that were in excess of £150,000 (see West & Wolfe, 2019).
- 14 Academy trusts need to procure goods and services for their schools. One way in which they might do this is via "related-party transactions", business arrangements between an academy trust and a body with which those responsible for the governance of an academy trust might have a personal connection; they can include family members. Academy trusts undertook over 3,000 such transactions, worth a total of £120 million, in 2015/16 (HC PAC, 2018). The PAC noted related-party transactions where the rules were not properly followed, or where there were doubts about the propriety of the transactions.

One MAT (which subsequently divested its schools) purchased IT services worth £316,000 from a company owned by the chief executive of the trust, and paid a further £123,000 for clerking services provided by a company owned by the chief executive's daughter. Problems with related-party transactions at another MAT trust resulted in schools being removed from the trust by the DfE (HC PAC, 2018).

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- 15 School-based education in England has been transformed with the introduction and development of the academies programme, run by private not-for-profit trusts. The majority of pupils in English schools now attend academies. Several points are worth noting. First, the evidence regarding the academic outcomes of academies – which were aimed at improving the quality of schools – is mixed. Second, the costs of the programme to the public purse have been significant. And third, concerns have been raised about the financial probity of some of the private bodies entrusted to deliver publicly funded schools. These issues raise fundamental questions about the programme, and its financial and regulatory underpinnings.

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ABSTRACTS

School-based education in England has been radically transformed by the introduction of the academies programme. Academies are owned and run by not-for-profit private trusts that register as companies and are subject to company law. They are controlled and funded directly by central government by means of a contract – a funding agreement – between a trust and the most senior education minister. This paper argues that the academies programme, which has had mixed results as regards pupils' academic attainment, has not only been costly for the public purse, but also raises serious concerns about the use public money at the level of the academy trust.

L'enseignement scolaire anglais a été profondément transformé par la création et le développement des *academies*. Il s'agit d'établissements dirigés par des *Trusts*, fondations à but non lucratif, inscrits au registre des entreprises et soumis au droit des sociétés. Ces *trusts* sont financés et contrôlés directement par le gouvernement au moyen de contrats signés avec le ministère de l'éducation. Cet article montre que le dispositif des *academies*, qui a obtenu des résultats mitigés en termes de performances des élèves, non seulement s'est révélé coûteux pour les finances de l'État mais a aussi soulevé des doutes sérieux sur l'utilisation faite par les *trusts* des deniers publics.

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Mots-clés: politique éducative, financement de l'éducation, gouvernance, réforme de l'enseignement, fonds privés

Palabras claves: política educacional, financiación de la educación, gobernabilidad, reforma de la educación, fondos privados

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Geographical index: Angleterre

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