



National Audit Office

Report

by the Comptroller
and Auditor General

Department for Education

Academies and maintained schools: Oversight and intervention

Key facts

1.6m

children attending schools not rated 'good' or 'outstanding' by Ofsted (August 2014)

£382m

estimated Departmental spend on oversight and intervention in 2013-14¹

1,036

sponsored academies created from previously underperforming maintained schools by August 2014

- 15%** of schools have not been inspected by Ofsted in the last 4 years (from September 2010 to August 2014)
- 221** warning notices have been issued to schools by local authorities since September 2010
- 306** interim executive boards have been approved by the Secretary of State since September 2010
- 62** underperforming maintained schools (out of 129) improved their Ofsted rating following formal intervention
- 83%** real-terms reduction in average revenue grants provided to sponsors to reopen underperforming secondary schools as academies between 2010-11 and 2013-14

Summary

1 The Department for Education (the Department) is accountable to Parliament for the overall performance of the school system in England, which currently educates almost 7 million children aged 4 to 16 years old, at an annual cost of £40 billion. The system comprises 21,500 state-funded schools. Of these, 17,300 are maintained schools, overseen by local authorities, and 4,200 are academies, directly accountable to the Secretary of State.

2 The Department aims for all schools to give children a high-quality education. Its overall objective is for all children to have the opportunity to attend a school that Ofsted, the independent inspectorate for schools, rates as 'good' or better. To achieve this, the Department expects the leaders of individual schools, along with governors and trustees, to manage resources effectively in an increasingly autonomous school system. The Department also presides over a system of external oversight, which:

- sets objective measures to monitor school performance;
- identifies underperformance; and
- intervenes to tackle underperformance.

The Department's aim is for a school-led system where schools increasingly support one another to improve.

3 The Department shares responsibility for external oversight with the Education Funding Agency (the Agency, which is part of the Department) and 152 local authorities. Currently, 460 sponsors also work with over 1,900 academies (including the 1,036 created from previously underperforming maintained schools). The Department has set up frameworks that specify how it and other bodies should assess school performance and when they should intervene. In extreme circumstances, this may mean the closure of a school or the termination of an academy's funding agreement, but this is rare. The main formal interventions are:

- warning notices (a formal letter raising concerns about a school's performance);
- changing a school's governing body; and
- appointing a sponsor, which, for a maintained school, has the effect of turning it into an academy.

It has been the Department's policy since 2010 that a maintained school with sustained or serious underperformance should normally expect to become a sponsored academy.

Our report

4 The Department funds the activities of other oversight bodies and is accountable to Parliament for this expenditure.² It is, therefore, ultimately accountable for the value for money of these bodies' activities. Our report evaluates the oversight and intervention system for schools, in terms of how cost-effective it is and how it supports the Department's overall objectives for the school system. Specifically, the report examines:

- whether the roles and responsibilities of external oversight bodies are clear;
- whether these bodies have enough information to identify underperformance;
- whether they intervene to address underperformance consistently; and
- how much the Department knows about the impact and cost-effectiveness of oversight and interventions.

5 The report audits the oversight and intervention system as it was up to August 2014. It does not audit actions taken in individual schools and does not review how Ofsted conducts its inspections. We set out our audit approach in Appendix One and our evidence base in Appendix Two.

6 A number of further developments to the school oversight and intervention system are planned or in progress, but are not sufficiently advanced at the time of the report to contribute to our conclusions. The Department believes that these will strengthen the system. They include:

- regional schools commissioners and headteacher boards, that took up post in September 2014;
- new requirements for all academy trusts to provide additional detail in their annual governance statements from 2014/15 and for new trusts to notify the Agency within 14 days of company member appointments or resignations; and
- changes to school accountability measures from 2016, which will focus on pupil progress and make it easier to identify coasting schools.

² This does not include Ofsted, the independent inspectorate, which is directly accountable to Parliament for its own expenditure.

Key findings

Information on school performance

7 The Department has been clear about what constitutes unacceptable educational performance. It expects schools to be rated 'good' or 'outstanding' when inspected by Ofsted and has set minimum standards for pupil attainment (known as 'floor' standards). The Department raised floor standards between 2011 and 2014, challenging schools to aim higher. Ofsted has changed the name of its 'satisfactory' judgement to 'requires improvement', sending a similar message. These measures are widely used by oversight bodies to trigger intervention. Our surveys found that all local authorities and 95% of multi-academy trusts were likely to intervene in schools that Ofsted rated 'inadequate' or where results were below the floor standard (paragraphs 1.2 to 1.3 and 2.2).

8 Nationally, educational performance has improved, but a significant number of children still attend underperforming schools. In recent years, the national trend has been for year-on-year improvements in schools' educational performance. In 2012/13, the proportion of schools rated 'good' or 'outstanding' at their most recent Ofsted inspection increased by 8%. However, there remains a minority of schools that do not meet expectations. We estimate that, in 2013/14, 1.6 million children (23%) were not attending a 'good' or 'outstanding' school. In 2012/13, we estimate that in a third of local authority areas, secondary-aged pupils had less than a 70% chance of being in a 'good' or 'outstanding' school place. In the same year, attainment was below the floor standard in 763 primary and 150 secondary schools (paragraphs 1.3 to 1.5).

9 The Department's principal measures of school performance are focused on educational performance, and therefore limited. Its main focus is educational performance, measured by exam results and Ofsted inspections. These are important, and the Department wants to balance the need for comprehensive oversight with its aim to increase schools' autonomy. However, the measures do not reflect in a timely way the full range of children's outcomes that can be affected by their education. As lag indicators that measure pupils' performance up to 7 years after they begin attending a school, they may identify schools' underperformance only after several years. The Department knows that schools that underperform educationally can have safeguarding,³ leadership and financial issues. Such issues may also develop in schools that still achieve the minimum standards for educational performance, as has been highlighted by a number of recent cases. Ofsted's inspections provide a wider, snapshot view of the quality of education a school provides, including its safeguarding and leadership. However, in August 2014, there were 2,969 schools (15%) that had not been inspected for over 4 years. The Department has limited measures – principally schools' annual financial reporting and ad hoc intelligence such as whistleblowers – to give early warning of a serious decline in performance that does not feed through to exam results between inspections (paragraphs 1.6 and 2.7 to 2.12).

³ The Department defines safeguarding as "protecting children from maltreatment; preventing impairment of children's health or development; ensuring that children grow up in circumstances consistent with the provision of safe and effective care; and taking action to enable all children to have the best outcomes", Department for Education, *Keeping Children Safe in Education*, April 2014.

10 The Department and the Agency do not know enough about school-level governance to identify risks. School- and trust-level governance is vital to the success of the education system, particularly as the Department develops its vision for schools increasingly to support one another. External oversight bodies need to be confident that governors and trustees have the capacity to support continual school improvement. The Department has a ‘fit and proper person’ test for governors in new academy trusts, but up to now has not been notified when these governors change. It does not perform subsequent checks on new governors to identify risks, such as entryism. It relies on local authorities to oversee governance arrangements in maintained schools, in line with legislation, but does not know whether or how well they do this. We do not expect the Department to know the identity of every governor in every English school, but, in addition to the analyses in Ofsted’s periodic inspections and on a risk basis, it needs more routine information about governors than it has had up to now (paragraphs 2.10 and 2.11).

The Department’s oversight framework

11 The Department has not clearly articulated some of the roles and responsibilities of external oversight bodies. The increasing diversity of the school system has meant significant changes to oversight bodies’ responsibilities and the introduction of new bodies (academy trusts and sponsors). There are many sources of guidance that outline the Department’s expectations.⁴ The Department intended its Accountability System Statement to be a single statement of the duties different organisations have and the risks they are expected to manage. But there has been some confusion about: oversight of safeguarding; the responsibilities of academy sponsors; and the role of local authorities in relation to academies. On the last point, there have been mixed messages from the Department and Ofsted. Despite a commitment in 2012 to update its Accountability System Statement annually, the Department did not do so in 2013. It announced in June 2014 that a revision was under way (Figure 2, paragraphs 1.7 to 1.14).

Interventions

12 External oversight bodies are intervening more often in underperforming schools than in the past. In 2010/11, 28 local authorities issued warning notices to schools. In 2013/14, this rose to 47 authorities, which issued 88 warning notices in total. Twenty three of these notices came from authorities that had never issued them before. In addition, by August 2014, the Department had intervened to turn 1,036 maintained schools into sponsored academies following poor performance. The Department has also made greater use of its powers under academies’ funding agreements, issuing 35 pre-warning and warning notices to them in 2013/14 compared with 10 in 2011/12 (paragraphs 3.2 to 3.5 and 3.13).

⁴ Department for Education: *Schools Causing Concern*, May 2014; *Keeping Children Safe in Education*, April 2014; *Working Together to Safeguard Children*, March 2013; and *Governors’ Handbook*, January 2014.

13 The application of intervention frameworks involves judgement, but it is not always clear that intervention decisions are made on a consistent basis. The Department's policy is that the best way to tackle underperformance in a maintained school is to match the school with an academy sponsor. It writes to maintained schools judged by Ofsted to be 'inadequate' setting out its expectation that the school will become a sponsored academy. We looked at how it intervened in maintained schools rated 'inadequate' in August 2013. We found that 10% of them (34 schools) were still 'inadequate' maintained schools a year later, with no record of the Department intervening formally. The Department uses judgement to determine when to proceed with formal intervention. For open academies, the Department and the Agency have developed frameworks to determine when and how to intervene, but again apply judgement to these and there is no record to demonstrate that they do so consistently (paragraphs 3.3 to 3.8 and 3.14).

Effectiveness of interventions

14 The Department has not done enough to evaluate the effectiveness of the different interventions it and others make, so it does not know which are cost-effective. In general, schools rated 'inadequate' by Ofsted improve performance by their next inspection. We looked at Ofsted outcomes for 129 underperforming maintained schools where formal interventions took place; of these, 48% improved at their next inspection and the remainder stayed the same or deteriorated. Meanwhile, 59% of schools that received no formal intervention also improved. This is a partial analysis due to the limitations of the data currently available, and does not mean that it is better to do nothing than intervene formally. Instead it illustrates the need for further work in this area, to understand these findings and examine the relationship between formal interventions and school performance (Figure 9, paragraphs 3.16 to 3.19).

15 The Department does not know the costs of different interventions. In total, we estimate the Department and other oversight bodies spent at least £382 million on oversight activities, including formal interventions, in 2013-14. This includes Department and Agency staff costs, local authority funding for school improvement, and grants to academy sponsors to take over underperforming maintained schools. This estimate is likely to be understated as the Department does not collect data on spending by multi-academy trusts to improve schools. The Department supplied information on the grants it has provided for each sponsored academy. This shows the Department had reduced the average grant significantly by moving to a formula-driven approach. It has not collected data on the costs of other interventions (paragraphs 3.20 to 3.25).

Monitoring the oversight system and sponsors

16 The Department does not know enough about the effectiveness of local authorities' oversight of schools. It receives notification of some local authority formal interventions but does not routinely collect information about local authorities' other school oversight activities. In 2011, the Department had serious concerns about 16% of local authorities' plans for school improvement and some concerns about another 68%. Since May 2013, Ofsted has inspected 11 local authorities' school improvement services on a risk basis and found that 9 were 'ineffective'. With thousands of schools to remain maintained for the foreseeable future, given the current rate of conversion to academies, effective local authority oversight is essential to ensuring value for money in the school system. The Department's policy is to monitor maintained schools' performance and intervene directly in individual schools wherever there is failure; it has intervened in local authorities sparingly (paragraphs 4.2 to 4.5 and 4.11 to 4.13).

17 The Department does not yet know why some academy sponsors are more successful than others. It relies on academy sponsors to turn around underperforming maintained schools and academies. Currently 460 sponsors are working with over 1,900 academies. There are many different types of sponsors including charities, businesses and high-performing academies. To date, some sponsors have been successful at raising results in previously underperforming schools, but not all sponsors have achieved improvements. The Department challenges sponsors when it has concerns, but does not routinely collect information from sponsors on the types of support they give schools. Ofsted is not able to inspect academy sponsors or multi-academy trusts so there is no independent source of information about the quality of their work. The Department is carrying out research to address some information gaps and intends to use the new regional schools commissioners and headteacher boards to strengthen its understanding of successful sponsorship (paragraphs 4.6 to 4.10 and 4.14).

Conclusion on value for money

18 The Department works with a range of bodies to oversee a diverse school system. In many ways, its oversight system is still developing and this has resulted in, at times, inconsistent action from both the Department and others. The Department sets the tone from the top, with a clear focus on raising educational performance and the majority of schools that Ofsted rates 'inadequate' improve by the time of their next inspection. The Department has reduced the funding it allocates to oversight and intervention, including reducing the average grant it pays to sponsors to take on underperforming schools, and the number of formal interventions has increased; the Department regards these as positive developments. However, we cannot conclude that the oversight system is delivering value for money at present because the Department and other oversight bodies continue to have limited information about some important aspects of school performance and have not demonstrated the effectiveness of their interventions, despite investing at least £382 million annually.

19 The Department has taken action to improve some elements of its oversight system. However, the clear messages about acceptable standards of performance must be paired with more ways to spot problems early on and a demonstrably consistent approach to tackling underperformance when it occurs. This is essential if the new systems are to develop to maturity and establish the foundations for continuous improvement and good value for money.

20 The Department agrees the factual accuracy of this report, but it does not accept that all the report analysis, conclusions and recommendations are supported by those facts.

Recommendations

- 21** Our recommendations are designed to strengthen the oversight and assurance of all publicly-funded schools.
- a** The Department should undertake more work to understand the relative costs and effectiveness of different oversight and intervention activities. It should use this to:
 - share good practice with local authorities, academy trusts and sponsors; and
 - inform its own decision-making.
 - b** The Department should ensure that it has an independent source of information for assessing the quality, capacity and performance of academy sponsors.
 - c** The Department should update its framework for oversight and intervention. In particular, future iterations of its Accountability System Statement should set out:
 - the responsibilities and accountabilities of oversight bodies, and how they interact with schools' own responsibilities; and
 - how it will assess whether its oversight and intervention system is achieving value for money.
 - d** Given its aim for schools increasingly to support one another to improve and the increased autonomy given to schools, the Department should improve its understanding of the quality of school governance. This should include how it can gain adequate but proportionate assurance that governance is fit for purpose.
 - e** The Department should also develop, in conjunction with other oversight bodies, routine and fully comparable measures of the quality of schools' financial management and safeguarding, which it can apply on a risk basis.