



Department
for Education

Academies and free schools programmes:

Framework for assessing value for money

November 2013

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Introduction

1. The expansion of the academies programme and the introduction of free schools are the government's major structural reforms to the education system in England.
2. Between May 2010 and October 2013, 2,481 secondary schools have converted to academy status, pledging to help underperforming schools. Another 883 schools have opened as academies under the guidance of a strong sponsor, with a proven track record of tackling underperformance. Over 1,500 primary schools have become or are becoming academies, along with 89 special schools and 15 pupil referral units. The first alternative provision academy opened its doors in November 2012. 400 of the weakest primary schools are now sponsored academies and more outstanding sponsors are being matched with underperforming schools every day.
3. Entirely new academies are also being set up all over the country. 174 free schools have been established so far, responding to parental demand for a greater choice of schools in their local area, and 116 are proposed to open. 17 new university technical colleges are providing technical education that meets the needs of modern businesses and 28 studio schools are offering academic and vocational qualifications in partnership with local and national employers. In addition to that, brand new academies are now being opened or plan to open, under the academy presumption, to meet the basic need for school places.
4. It is important that the Department is able to assess the extent to which such an important education reform programme delivers value for money. This short note sets out a framework for considering value for money, which applies to academies of all kinds, including free schools, university technical colleges and studio schools. We are publishing the framework to show the basis on which we will seek to assess these reforms and their impact on the wider school system.
5. The Government's focus on improving education, including through academies and free schools, is driven by the wealth of evidence on the individual and societal benefits arising from better education. The economic costs of educational failure are high. In this context, value for money is about the educational and wider societal outcomes being achieved in return for the taxpayer resources invested. As we have already set out in the Department's Accountability Statement¹, this underpins our general approach to achieving value for money across the education system.
6. We have been clear, therefore, that the ultimate success of academies and free schools will be judged on the same basis as that for all maintained schools – on the quality of education they provide and their resulting academic performance.

¹ This document can be found at the following link: [Department for Education Accountability Statement](#)

Assessing value for money

7. Underlying our general approach is a well-established framework for assessing value for money promoted and used by the National Audit Office. It is based on a consideration of the three key elements of economy, efficiency and effectiveness.

Three key elements of value for money

Economy: minimising the cost of the inputs needed to deliver a service;

Efficiency: maximising the service output delivered with those inputs; and

Effectiveness: maximising the impact of the service on outcomes for those who use it.

8. To understand these different elements, we need to understand and collect data on their constituent building blocks of inputs, outputs and outcomes. Overall value for money can then be assessed by considering whether the additional outcomes being delivered are large enough to outweigh the additional costs of achieving them:

- **Inputs** – Understanding what funding and other resources are being invested;
- **Outputs** – Understanding how providers' use of operational freedoms are improving the efficiency and quality of service delivery, given their resources; and
- **Outcomes** – Assessing how educational outcomes are improving and the consequential economic and social outcomes that occur over the longer term.

Value for money in the academies programme

9. Ensuring value for money is about achieving the best possible educational and wider societal outcomes through the economic, efficient and effective use of the resources invested in the programme, the avoidance of waste and extravagance, and prudent and economical administration. A key objective of individual academies and free schools is to achieve value for money in their use of resources and a key objective of the Department is ensuring value for money for taxpayers more generally.

10. Our value for money framework is a tailored version of the above approach. It sets out some of the key factors that need to be considered in making an overall assessment. Ultimately, the impact of academies and free schools should be assessed against what we would have expected to happen in their absence. These factors are explained briefly below. However, we want to retain the flexibility to consider any relevant data that becomes available over time, and the flexibility to consider appropriate methodological approaches to assessing that data.

Inputs

11. It will be possible to assess how much has been spent on the programmes over time, additional to what would have been spent in their absence. This includes looking at the costs of administering the programmes, the transitional costs associated with start-up and implementation and any additional on-going operating costs. It will also be important to consider what the Department has done and is doing to ensure the costs of the academies and free schools programmes are being minimised to secure efficiencies.

Outputs

12. Academies and free schools have more autonomy than maintained schools to be innovative about the way they deliver education and raise standards. So we will want to consider how they are using their increased freedoms. We also want to look at the extent to which they are improving the quality of education, as judged by Ofsted, particularly where existing schools in need of improvement have become academies.

13. We are also interested in considering, over the longer term, how the nature and quality of education being delivered in academies and free schools is improving their attractiveness to parents and pupils and thereby increasing real choice.

Outcomes

14. Raising attainment in the education system is the *raison d'être* of academies and free schools. This is our main measure of effectiveness. We will examine whether academies and free schools are improving their performance over time and in comparison with similar schools. We will also want to consider what impact they are having on reducing the extent of educational failure and closing attainment gaps, as well as the wider impact they are having on education standards across the schools system.

15. Over the longer term, the subsequent economic and social impacts that are expected to follow on from improving educational attainment need to be taken into account. The framework therefore considers these wider outcomes.

16. The impact may not stop at improving Key Stage 2 and Key Stage 4 results. We are interested in improving attainment because it leads to a diverse set of lifetime outcomes for pupils, which ultimately improve national output. So we will want to assess the extent to which raising pre-16 attainment could impact on longer term post-16 education and labour market outcomes.

17. We know from the evidence that improving educational attainment has wider impacts for both individuals and society. These include impacts on reducing involvement in crime, improving health outcomes, increasing civic participation and a whole range of other things. So we will want to consider the implications of such flow-through impacts

from raising attainment, using the wider evidence which links these outcomes to education.

18. Finally, overall value for money will be judged by comparing the totality of our investment with the estimated economic benefits arising from improving education, to estimate the net present value of the reform programme. This measure is the ultimate test of the extent to which any public investment is delivering an overall net social benefit.

Implementing the framework

19. Such reforms are expected to have long term effects that will continue to develop over many years, as the programmes expand, impacts have had time to take effect and the wider schools system has had time to respond.

20. So we do not yet have a full set of evidence to provide an overall value for money assessment of academies or free schools. The evidence base will develop over time and we will consider new evidence as it becomes available and how it adds to the overall picture.

Value for money framework for the academies and free schools programmes

This framework indicates the various factors that we will look to consider in making an overall VfM assessment

Inputs <i>Additional resources invested</i>	Outputs <i>Impact on education</i>	Outcomes <i>Impact on attainment and wider outcomes</i>
<p><u>Administrative costs:</u></p> <ul style="list-style-type: none"> • Total DfE administrative costs • Average cost per school • How efficiencies are being achieved <p><u>Start-up costs:</u></p> <ul style="list-style-type: none"> • Total start-up costs • Average cost per school • Progress made in minimising costs <p><u>Capital costs (where relevant):</u></p> <ul style="list-style-type: none"> • Total capital costs • Average cost per place <p><u>Operating costs:</u></p> <ul style="list-style-type: none"> • Additional recurrent operating costs • Progress in minimising additional costs <p><u>Overall total costs:</u></p> <ul style="list-style-type: none"> • Total additional costs of the programme • Total additional cost per school 	<p><u>Use of autonomy:</u></p> <ul style="list-style-type: none"> • What academies and free schools are doing differently • Extent to which freedoms are being used • Evidence on benefits of using these freedoms <p><u>Impact on education quality:</u></p> <ul style="list-style-type: none"> • Impact on Ofsted inspection ratings • Areas being improved over time • Prevalence and benefits of multi-academy trusts <p><u>Attractiveness of academies:</u></p> <ul style="list-style-type: none"> • Extent to which academies and free schools are filling their places • Evidence of impact on parents getting first choice of school <p><u>Behaviour and attendance:</u></p> <ul style="list-style-type: none"> • Impact on improving absenteeism and exclusion rates 	<p><u>Impact on attainment:</u></p> <ul style="list-style-type: none"> • Attainment over time, compared to similar schools and by length of time open <p><u>Narrowing attainment gaps:</u></p> <ul style="list-style-type: none"> • Pupil intake characteristics • Impact on reducing attainment gaps for disadvantaged groups <p><u>Impact on wider schools system:</u></p> <ul style="list-style-type: none"> • Impact on attainment in other local schools through competition effects <p><u>Impact on longer term outcomes:</u></p> <ul style="list-style-type: none"> • Impact on post-16 attainment and labour market outcomes • Estimated impact on improving longer term economic and social outcomes <p><u>Overall value for money:</u></p> <ul style="list-style-type: none"> • Costs per unit increase in attainment • Net Present Value of the programme • NPV per additional £ pound spent



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Reference: DFE-00214-2013