



House of Commons  
Education Committee

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# **Multi-academy trusts: Government Response to the Committee's Seventh Report of Session 2016–17**

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**Third Special Report of Session  
2017–19**

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## The Education Committee

The Education Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Department for Education and its associated public bodies.

### Current membership

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### Powers

The committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No 152. These are available on the internet via [www.parliament.uk](http://www.parliament.uk).

### Publications

Committee reports are published on the Committee's website at [www.parliament.uk/education-committee](http://www.parliament.uk/education-committee) and in print by Order of the House.

Evidence relating to this report is published on the [inquiry publications](#) page of the Committee's website.

### Committee staff

The current staff of the Committee are Richard Ward (Clerk), Katya Cassidy (Second Clerk), Anna Connell-Smith (Committee Specialist), Chloë Cockett (Committee Specialist), Madeline Williams (Inquiry Manager), Jonathan Arkless (Senior Committee Assistant), Hajera Begum (Committee Apprentice), Gary Calder (Senior Media Officer), and Oliver Florence (Media Officer).

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## Third Special Report

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The Education Committee reported to the House on [Multi-academy trusts](#) (HC 204) in its Seventh Report of Session 2016–17 on 22 February 2017. The Government's response was received on 11 September 2017 and is appended to this report.

In the Government response, the Committee's recommendations appear in **bold** text and the Government's responses are in plain text.

## Appendix: Government response

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We welcome the Committee's report into multi-academy trusts (MATs). Every parent should be able to choose a great school that meets their child's needs, gives them a firm foundation, and broadens their horizons; this is where delivering a fairer society has to start. A great education should be the catalyst enabling every young person to make the most of their talents and, as the Committee acknowledges, the best academy trusts have delivered just such an education. They have transformed the education landscape in their areas and offered an outstanding education to pupils.

Through the academies programme, alongside other initiatives, we are increasing collaboration and providing support and challenge to improve inadequate and coasting schools. We now have 1.8 million more pupils taught in good or outstanding schools compared to 2010. As we continue to expand opportunity we want to ensure the different parts of our education system work effectively together to raise attainment. MATs do, and will continue to, play a crucial part in this diverse school system—including by leveraging additional expertise from outside of the state school sector in the form of sponsorship, and by enabling our best leaders to have influence and drive improvement across a number of schools.

We welcome the Committee's views on the characteristics of the highest performing MATs. As the Committee notes, the best MATs have high expectations for the schools within their trust and high aspirations for their pupils. They focus rigorously on raising standards, supported by recruiting and developing great teachers, and offering excellent career progression opportunities. They promote effective collaboration, the sharing of evidence-based curricula and assessment strategies, and innovations that help ensure all pupils are making the greatest progress. This in turn can reduce teacher workload, make the best use of resources, and yield savings that can be invested in the classroom.

To deliver our vision of a system that benefits pupils from all backgrounds we need to see *all* MATs adopting the practices of the best, and doing this not just in areas with a predominantly strong school system but in all parts of the country and for all pupils. That includes those areas with lower levels of social mobility and where children from disadvantaged and ordinary working families do not currently have the opportunity to benefit from the kind of education offered in the best academies. Every child deserves an education that enables them to reach their potential.

To deliver such a system, it is also essential that there is clear and robust accountability at all levels. Where a school is failing under its current governance—whether it be a local authority maintained school or an academy—we will intervene swiftly to find a

strong sponsor that provides the necessary additional capacity and oversight to secure improvement for their pupils. In so doing, we can improve the quality of education on offer to all pupils in all parts of the country, keep closing the attainment gap, and help young people be able to do their best.

**There have been several changes to academy policy over the last year which have caused instability and uncertainty in the sector. Evidence we heard from Lord Nash indicated that the Government expects that in five to six years a “tipping point” will be reached where most schools have converted and joined a MAT. As trusts grow in size and number we urge the Government only to promote expansion that prioritises performance.** (Paragraph 12)

Our reforms, since 2010, show that greater freedom in the hands of excellent leaders and outstanding teachers can deliver an excellent education. Raising standards for their pupils and supporting other schools to do the same should be at the heart of the decision to join a MAT. We want to see good schools choosing to join a MAT as a positive choice that provides greater opportunities to spread expertise and to support sustainable improvement. Where schools are struggling, Regional Schools Commissioners (RSCs) will identify a high quality sponsor which, by forming a MAT, can bring fresh vision, strong leadership and clear accountability, and provide the support and expertise which struggling schools need to improve. As the Committee recognises, it is essential that we encourage more strong schools to step up and support others through establishing MATs.

This is about taking a targeted approach to build capacity, growing the system with care so all children have access to opportunity. MATs that wish to grow must be able to demonstrate they have the capacity to improve the schools they have, as well as the capacity to improve any new schools they take on. RSCs work closely with MAT leaders and boards—as well as other key stakeholders such as local authorities and dioceses—to ensure that the necessary capacity and capability exists.

How RSCs take decisions on academy conversion and MAT growth is set out in the *RSC Decision Making Framework*.<sup>1</sup> Alongside this, the department's *Multi-academy trusts: Good practice guidance and expectations for growth document*,<sup>2</sup> published in December 2016, gives further details of the characteristics that RSCs will be looking for in trusts that want to grow. In addition, MATs and other organisations that want to support the improvement of schools that are underperforming need to be approved to be a sponsor,<sup>3</sup> if they are not already. To do this they must demonstrate a strong track record in supporting school improvement, or have ready access to excellent school improvement expertise.

### ***Accountability and inspection of multi-academy trusts***

**There is a gap in assessing MATs which neither Ofsted nor RSCs presently fulfil. The current situation of Ofsted conducting ‘batched inspections’ is not sustainable or sufficient as MATs expand over the next five to six years. It is not a formal inspection or accountability process and does not necessarily lead to intervention from Ofsted or the Department.** (Paragraph 27)

1 <https://www.gov.uk/government/organisations/schools-commissioners-group>

2 <https://www.gov.uk/government/publications/multi-academy-trusts-establishing-and-developing-your-trust>

3 <https://www.gov.uk/guidance/sponsor-an-academy>

**Ofsted needs a new framework for MAT inspections and should develop the resources, skills and powers to conduct full inspections of trusts. (Paragraph 28)**

The department agrees that academies and MATs need to operate in a system of clear accountability that includes MATs being held to account at all levels.

The primary responsibility for the oversight of trusts rests with the trustees themselves. The department sets clear expectations, standards and requirements and holds trusts to account for meeting these. In terms of educational performance, this is led by RSCs, with the support of the Education and Skills Funding Agency (ESFA) and informed by independent inspection by Ofsted.

In particular, the department draws on the following range of evidence in assessing MATs:

- Governance and financial standards as set out in the *Academies Financial Handbook*<sup>4</sup> and regulated by the ESFA.
- The quality of education in each of their schools, through Ofsted inspection and the annual performance measures for each school.
- The recently revised MAT-level educational performance measures at key stage 2 and key stage 4.

The department therefore does not accept that there is a gap in assessing the quality of MATs' education provision. Ofsted currently makes a valuable contribution to the department's understanding of MAT performance through focused inspections of schools within the same MAT. It is right that Ofsted's starting point in their work with MATs continues to be the inspection of individual academies. The current model used by Ofsted draws on these judgements together with a focus on the effectiveness of school governance arrangements and school improvement activity, both of which Ofsted are expert in assessing at school-level.

MAT-level educational performance measures also provide increased transparency of trust-wide performance. We have now published MAT-level educational performance measures for 2014, 2015 and 2016 results and will now publish the measures each January alongside the performance tables. As a longer time series builds up and more MATs have enough schools with them for long enough to be included in the measures, these measures will become increasingly useful in assessing MAT performance.

As the Committee also acknowledges, the school system is evolving. The department therefore recognises that MAT-level assessment and accountability will also need to evolve. This is why the department is working closely with Ofsted as the Chief Inspector considers possible changes to the current model for reviewing the quality of education provision across a MAT.

**Two previous Committee reports have recommended that the Government clarify the division of responsibilities between RSCs and Ofsted in a way that is comprehensible to schools and parents. There remains too much overlap between the roles of Ofsted and RSCs. (Paragraph 37)**

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4 <https://www.gov.uk/government/publications/academies-financial-handbook>

**The Government should follow our previous recommendation and align Ofsted and RSC regions. There is also more work to be done to clarify the distinction between Ofsted inspections and RSC visits.** (Paragraph 38)

The roles of RSCs and Ofsted are complementary and collaborative rather than overlapping.

Ofsted, a non-ministerial department, is responsible for: inspecting maintained schools and academies, some independent schools, and many other educational institutions and programmes outside higher education; for publishing reports of their inspection findings to improve overall quality; and for reporting to policymakers on effectiveness. Quite distinctly, RSCs as Department for Education (DfE) civil servants, exercise the Secretary of State's responsibilities for the educational performance of academies, including free schools, university technical colleges and studio schools, as set out in their Funding Agreements.

RSCs are responsible for intervening in schools that are judged inadequate by Ofsted and determining the most appropriate means of supporting schools that meet the coasting definition.<sup>5</sup> Where a maintained school is judged inadequate by Ofsted, the RSC will issue an academy order to enable the school to become an academy with the support of a sponsor. Where an academy is judged inadequate by Ofsted, the RSC will consider carefully whether the existing trust has the capacity and capability to bring about long term improvement. This includes taking formal action to move the academy to a new trust (known as rebrokerage) where this is considered the best means of bringing about the necessary improvements.

It may however be difficult for some to understand these distinct roles in an evolving school system. To overcome this, the department has already sought to make clear the difference in the roles in the Schools Causing Concern guidance<sup>6</sup>—last updated in March 2016. This guidance is statutory for local authorities, and sets out their role in relation to maintained schools that are causing concern. It also describes how RSCs will exercise the Secretary of State's powers to intervene in maintained schools, and how they will take action in academies that are causing concern. The department plans to publish an updated version of the guidance in due course. As part of our revisions to the guidance, the department will consider whether we can go further to ensure clarity in the division of responsibilities for schools that are judged inadequate, fall within the coasting definition, or fail to comply with a warning notice.

At an operational level, each RSC has a working relationship with the relevant Ofsted Regional Directors to ensure information sharing as appropriate. Ofsted and RSCs already work closely together, coordinating visits. RSCs draw on both performance data and Ofsted inspection judgements in their work with underperforming academies.

To foster even better communications between RSCs and Ofsted Regional Directors, there is clearly a case for having standardised and coterminous regional boundaries. The government considers, however, that the current regional structure is working well. The eight RSC regions were created to follow existing local authority boundaries, and the region sizes were chosen so that each represents a broadly balanced set of responsibilities

5 The coasting definition and other technical details are set out in the primary and secondary school accountability guides on gov.uk.

6 [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/510080/schools-causing-concern-guidance.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/510080/schools-causing-concern-guidance.pdf)

for each RSC. As the Committee is aware, the government decided to create three regions that included parts of London, rather than one London region, to facilitate the spreading of good practice from London authority areas into other local authority areas through the school improvement work of MATs and Headteacher Board (HTB) members. There is a considerable difference between the performance of London and its neighbouring regions: for instance, in 2015, the percentage of London schools that were below the floor at KS4 was 3.8%, whilst the South East had 11.1%. Creating a single London region would hinder the spread of London's expertise. For example, the South East and South London RSC was able to ask two London HTB members (both of whom were part of London Challenge) to advise trusts in Kent and East Sussex; to ask up to eight London National Leaders of Education to help underperforming primaries in Medway; and to hold discussions with leaders in the Harris Federation, based in London, about supporting schools in Medway.

There is therefore a strong argument against the alignment of RSC and Ofsted boundaries; current arrangements do work well, and the degree of disruption and cost involved in changing them is thought to be disproportionate to the possible value of achieving a neater alignment.

**While we welcome the Government's recent document which set out examples of best practice in governance, there is still significant confusion about the move to boards of trustees being the accountable bodies for MATs. This move has not been communicated well enough by the Department and has led schools to join or start trusts without full knowledge of how their governance structures will change. The Department must improve and extend the advice and guidance they offer.** (Paragraph 42)

Schools' primary source of advice on the role of the board of trustees is the *Governance Handbook*.<sup>7</sup> The Handbook includes information on the governance and accountability rules that will apply when a school becomes an academy and becomes subject to company and charity law. Schools and governing bodies are referred to the Handbook through the 'set up or join an academy trust' section of the *Convert to an academy: information for schools*<sup>8</sup> or by their DfE project lead allocated to their school when they apply to become an academy.

We also highlight the important things the school/governing body should consider through:

- the *Academies Financial Handbook* which sets out the responsibilities of the academy trust, including the board of trustees;
- the *Multi-academy trusts: Good practice guidance and expectations for growth* publication, which sets out what we know about the characteristics of effective multi-academy trusts, including the importance of governance and leadership;
- supporting notes in the converter application forms, which provide information on academy trust governance and links to the *Governance Handbook*, *Academies Financial Handbook* and Charity Commission advice; and
- writing to the school's chair of governors when the school receives an academy order with advice on setting up the financial and governance arrangements that are necessary as an academy.

<sup>7</sup> <https://www.gov.uk/government/publications/governance-handbook>

<sup>8</sup> <https://www.gov.uk/guidance/convert-to-an-academy-information-for-schools>



The *Governance Handbook* is clear that 'Boards of single schools considering joining an existing MAT should ensure they understand the range of governance functions, if any, that would be delegated to them as an LGB [Local Governing Body] by the MAT board; and understand that the board will have full control over the membership and delegated authority of the LGB that they become.' It is the decision of the trustees which, if any, governance functions they delegate to LGBs or other committees.

MATs may choose to delegate responsibilities in proportion to the strength of individual academies and the skills and expertise of the people on their LGBs—for example, by increasing levels of delegation as initially weak schools improve. We do, however, appreciate the evidence presented to the Committee and that there is still more we might do to make the differences in governance and accountability when schools become academies even clearer; for example, by reviewing and strengthening the content in the advice we provide for schools and governing bodies and the governance training provided for DfE staff.

**We were told by parents that MATs are not sufficiently accountable to their local community and they feel disconnected from decision making at trustee board level. There is too much emphasis on 'upward' accountability and not enough on local engagement.** (Paragraph 46)

**Trusts must publish their scheme of delegation on their website and trustee boards have a duty to be clear with local governing boards that the decision-making responsibilities are held by the Board of Trustees in a MAT, and not at a local level. MATs should demonstrate a sincere commitment to outreach and engagement with the local community.** (Paragraph 47)

The *Academies Financial Handbook* requires academy trusts to provide details of their governance arrangements, including information about any committees, in their governance statement, which is published as part of their annual accounts. The accounts are independently audited. It also requires trusts to publish on their website full details of their governance arrangements, including a scheme of delegation and details of everyone involved in governance.

The *Governance Handbook* provides advice on good governance and effective practice, including what makes an effective scheme of delegation. This includes giving details of all the committees beneath the board, including LGBs in MATs (whether decision making or advisory), and explaining the role and remit of each. It also includes setting out which governance functions are retained at board level and which are delegated, making clear, particularly where the board governs a number of schools, where all key governance functions are exercised with respect to each school.

The *Governance Handbook* further makes clear that 'As the accountable body, the board is the key decision maker. It may delegate operational matters to executive leaders and governance functions to committees (including LGBs in a MAT) or in some cases to individuals, but the board as a corporate entity remains accountable and responsible for all decisions made'.

The department's *Multi-academy trusts: good practice guidance and expectations for growth* document reinforces the importance of a published scheme of delegation and highlights transparency of governance arrangements as one of the characteristics of governance in effective MATs: 'The board and its executive leaders are transparent with



any school looking to join the MAT about the level of delegated power that will be vested at a local level and the circumstances in which this may vary over time.' It goes on to set out the expectation that MAT boards (or their delegates) have "very close" links with individual schools to identify and escalate issues as they arise.

The department agrees that it is vital that the governing boards of MATs are connected with the parents and communities they serve—we do not want to see boards become detached, distant or unanswerable to parents. We have heard how strongly others feel about this too. This is why we continue to require academy trusts to reserve places for parents in their governance structures to enable robust decision making. This expectation is reinforced in *Multi-academy trusts: good practice guidance and expectations for growth*, which places a strong emphasis on the importance of schools and MATs engaging meaningfully with all parents to understand their views and listen to their feedback.

Similarly, the department agrees that MATs should be engaged in outreach activity within their local communities and we know that our best MATs do so with positive effect.

We are also exploring solutions for getting more school performance information to parents, in addition to evolving our own performance tables to become increasingly user friendly. On the latter, in March 2016 the department launched a new school and college performance tables service for England (hosted on [www.gov.uk](http://www.gov.uk)) which aims to enhance the accessibility and comparability of information available for parents and the public. Further improvements to the tables are in train, based on feedback from users and to accommodate new performance measures, including the addition of MAT performance measures for the 2017 data.

If parents and pupils feel their voices are not being heard, then we have set out clear and appropriate channels for them to raise their concerns on [gov.uk](http://gov.uk). In addition, as referenced in the 2016 March White Paper, local authorities have an important role as champions for all parents and families. We expect this to include those parents who do not know how or are less able to make their own voice heard.

### ***The expansion and development of the multi-academy trust model***

**In its early enthusiasm for MATs, the Government encouraged trusts to expand too quickly over too large geographical regions. Schools which operate within close proximity to one another are best able to share resources and expertise and subsequently can most successfully take advantage of being part of a MAT. (Paragraph 54)**

The department is focused on growing the system with care. Raising standards for all pupils is our core objective and to achieve this we will ensure MATs only take on a new school when there is strong evidence they can give them the support they need.

Where some trusts in the early days of the programme grew quickly and had difficulties, size on its own was not the determining factor. Instead, those MATs failed to put in place the robust structures, systems, and process that were necessary to be successful given their scale and stage of growth. For example, not all of the large early trusts had an effective trust-wide school improvement model and they may have given the same autonomy to

weak and struggling schools as to high performing schools. In particular, some took on geographically isolated underperforming schools without ensuring sufficient sources of support nearby.

As mentioned above, our *Multi-academy trusts: Good practice guidance and expectations for growth* publication sets out what RSCs look for when they assess and approve the establishment of new trusts and review the growth plans of existing MATs. In so doing, it describes how RSCs are ensuring that MATs only grow when they are well prepared and can demonstrate how they will deliver high standards for pupils.

The guidance is structured around the key themes identified for successful growth—governance, school improvement, people and leadership, financial sustainability and risk management. It also highlights the factors RSCs will consider when looking at the geography of schools within new or growing MATs. This includes: geographical isolation of individual schools within a MAT; how to support geographical clustering where appropriate; and whether the MAT has given due regard to how geography may impact on governance, school improvement capacity and overall performance.

This means that geography is considered carefully by RSCs, but will not be an absolute barrier to growth. The department is clear that our first priority will always be ensuring that the school is run by a strong provider with good governance and strong systems for supporting school improvement. While in some areas there are lots of strong MATs that have the capacity to welcome new schools into their trusts, in other areas there are few strong MATs operating. In such circumstances, it is entirely appropriate to encourage trusts to grow a new family or hub of schools in another area to support schools that they are unable practically to bring into an existing group.

The department has supported this through the 2016–17 Regional Academy Growth Fund (RAGF). The fund supported trusts to build capacity ahead of growth and will open doors for a number of new and existing trusts to deliver improvement in areas where it is most needed. It sought to support trusts that want to expand their provision to a new location, as well as those trusts that are looking to expand through the critical growth phase of 3–10 schools. The fund was launched on 18 November 2016 and applications closed on 20 January 2017. We have awarded £4.2m to our Opportunity Areas, £4.1m to the Northern Powerhouse area and have provided £4.2m of funding to develop ‘new hubs’ in areas of low capacity.

**There remains a high degree of uncertainty around the effectiveness of MATs and there is not yet the evidence to prove that large scale expansion would significantly improve the school landscape. Only time will tell whether multi-academy trusts are more successful than local authorities at creating and supporting high-performing schools and tackling underperformance.** (Paragraph 68)

**We believe the Department’s recent ‘good practice guidance and expectations for growth’ document does not provide a solid enough evidence base on the characteristics of successful trusts. The Government should commission and publish independent, robust research on what the highest performing MATs are doing.** (Paragraph 112)

The department’s core focus is for every child to have access to a good school place. This is not a competition between different types of provider. We see considerable collaboration between LAs and MATs and expect this to continue.

As the committee acknowledge, there are outstanding examples of MATs that are achieving great results, enabled by effective trust-wide systems such as talent-management, flexible deployment of great teachers, and collaboration. We want to support more MATs to replicate these achievements, enabling new MATs to learn from the best and apply this learning to deliver the same high standards for their own pupils.

As the system matures, we will continue to grow our strong evidence base to increase understanding about what the highest performing MATs are doing, and to ensure effective dissemination of these insights through the work of the RSCs and our strategic partners.

In addition, through our Opportunity Areas programme, we are working with What Works Centres, including the Education Endowment Foundation (EEF), to identify and embed evidence-based effective practice across the education system. Our support for an EEF Research School for every Opportunity Area is at the heart of this work. The department is also reviewing how our most successful MATs have driven school improvement so that we can share more of the best practice.

**The Government must clearly define the future role of local authorities, particularly in areas with high numbers of academies. The current uncertainty about their place in the school system is not sustainable and making their role clear should be a priority for the Secretary of State. Their relationship with RSCs must also form a part of this and formal protocols between local authorities and the RSC structure should be established.** (Paragraph 69)

The 2016 White Paper set out a clear role for local authorities: to ensure every child has a school place; the needs of vulnerable children are met; and to act as champions for all parents and families (page 70, 2016 White Paper). In addition, the department established an External Advisory Board (EAB) to review the role of the local authority in education and children's services. The EAB supported the role set out in the 2016 White Paper recognising that even within a school-led system, local authorities should have a strategic role centred on their knowledge and expertise of the local area.

The department has worked with the Local Government Association and other stakeholders to consider the EAB recommendations and how to provide more clarity to local authorities and others on their role within the school system. Many areas are already working effectively together and where this is not the case, we will consider how the different ways of working on the ground could be improved.

RSCs have developed ways of working effectively with local authorities where this is beneficial at a local level. In addition, in delivering the new Strategic School Improvement Fund we will be using sub-regional structures for strategic joint working between RSCs, local authorities and system leaders.

**If the Government is to pursue the goal of further academisation, it will need to partner with and use the expertise of local authorities. Local authorities with a track record of strong educational performance should be allowed to use the expertise within their education departments to create MATs.** (Paragraph 70)

The department recognises the expertise that some local authorities have in supporting schools to improve. There are many local authorities that work closely with academies and RSCs on a range of issues where they consider this collaboration to be in the best interest of pupils.

Local authorities' representatives are able to be trustees in academy trusts and we encourage all trusts to work collaboratively with local authorities. But it is important to maintain the independence of academies, for example in setting the curriculum, pay, or school hours. This is a crucial part of encouraging the innovation that has driven up standards in so many schools. This is why we do not allow academy trusts to become subject to the influence of a local authority (as defined in section 69 of the Local Government and Housing Act 1989). Local authority representatives can therefore make up no more than 19.9% of an academy trust's board.

**A significant expansion of MATs will place further pressures on the financial oversight capabilities of the Department and the Education Funding Agency. It is far from clear that the Department or EFA can cope with this degree of growth over the next five or six years. (Paragraph 74)**

**The Department and EFA should outline the expected increase in MATs over the next five or six year planning period, and the likely resource implications that will result. Doing so would help allay our concerns that there is insufficient planning and resources to cope with impending developments. (paragraph 75)**

In the main, we expect MAT formation will be bottom up, not top down. As stated, we want to see good schools choosing academy status as a positive choice and we are building capacity across the school system to support this. We do not think it is necessary at this time to set a timescale for this ambition to be realised—but rather to allow strong schools to convert at a timescale that suits them best.

The RSCs are working closely with MATs in their regions to understand their plans for growth and also with schools that may choose to join MATs in the future.

Each year, the department conducts a rigorous admin budget and resource planning exercise. The planning exercise requires all parts of the department to carry out thorough work to ensure sufficient resources to deliver agreed priorities and functions efficiently and effectively in the coming financial year as well as future years. Budgets and resource are strategically managed closely throughout the year to ensure the department delivers.

**Despite a range of proactive and reactive measures taken by EFA to promote strong financial management in academy trusts, the Department has a long way to go in order to demonstrate that public money disbursed to academies is being used effectively. (Paragraph 78)**

We do not accept that this is the case. Academies have a stronger financial framework and are held up for greater scrutiny than other types of state-funded school.

The primary responsibility for the oversight of trusts rests with the trustees themselves. The department sets clear governance, financial standards and requirements and when potential or actual financial concerns are identified the ESFA has a robust intervention strategy to ensure appropriate and proportionate action is taken swiftly.

All academy trusts must have an annual external audit of their financial statements by a registered statutory auditor. Auditors must apply national auditing standards set by the Financial Reporting Council as independent regulator, and this provides the department with a high level of confidence that scrutiny is professional and consistent.

Our evidence indicates that financial management in the majority of academy trusts is good. In the year ended 31 August 2015, 99% of trusts received an unqualified opinion on their financial statements from their external auditor (a position also achieved in the previous two years) and 96% of trusts were in cumulative surplus. Of the financial statements submitted for the year ended 31 August 2016 too, 98% of trusts received an unqualified opinion, and 94.5% of trusts were in cumulative surplus. Headline cases of concern only represent a small part of the sector. Since 2012 we have published 60 financial notices to improve, of which 21 have been lifted (to 15 July 2017). We continue to take action wherever there is a need for serious improvement.

As part of their annual report and accounts, academy trusts must publish details of their objectives, achievements and future plans, and also set out what they have done to promote value for money in support of those objectives.

We are continually looking for new ways to improve our ability to identify risk. A key aspect of this preventative approach has been the introduction and development of analytical tools to identify academies likely to be at financial risk in future, enabling us to address issues earlier and to take action with trusts before the difficulties become severe.

We have also continued to develop significant support for greater school efficiency.<sup>9</sup> Additional DfE benchmarking tools help schools to compare their spending and level of efficiency with similar schools, to maximise the investment in the teaching of children. Most recently, we have:

- launched the school buying strategy to support schools to save over £1bn in non-staff costs by 2019–2020;<sup>10</sup>
- published School Workforce *Planning guidance*;<sup>11</sup> and
- strengthened advice for trust boards and checklists of searching questions for governors.

We are also improving the ability of schools to make better decisions by:

- developing qualifications for school leaders, include business managers;
- supporting school business manager networks and buying hubs; and
- providing targeted efficiency expertise to schools to help them to improve their financial health and level of efficiency.

**Small, rural primary schools are vulnerable as trusts take on more schools and the MAT model is currently not attractive to them. There is a risk that the primary sector will be left behind as secondary schools academise and join or form MATs.** (Paragraph 84)

9 <https://www.gov.uk/government/collections/schools-financial-health-and-efficiency>

10 <https://www.gov.uk/government/publications/schools-buying-strategy>

11 [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/584465/School\\_workforce\\_planning\\_guidance.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/584465/School_workforce_planning_guidance.pdf)



Primary schools have perhaps the most to gain from being in a MAT. For example, by pooling resources, they can procure specialist teaching expertise—for instance in languages—that small schools may not otherwise be able to access. They are also able to centralise some business functions, which can free up heads' time to focus on driving up results in their schools. Increasingly we are seeing primary schools making the most of these opportunities—while over 25% of primaries are currently academies, in the last academic year over 82% of academies that converted were primary schools.

The department recognises that there are challenges and concerns for small and rural primary schools. As more small and rural schools take up these opportunities, we are seeing model structures and practices develop that can be shared.

We are also seeing new models of secondary and primary schools working together in MATs. Such all-through MATs bring substantial benefits to both phases. It gives the primary schools access to the resources and economies of scale of a larger organisation. It gives the secondary schools access to primary expertise that can support them to manage transition effectively and to support their year 7 pupils to make a strong start in their new school.

However, not only do we look to school and MAT leaders to see the benefits of such local partnerships, but we have made it clear that RSCs will take into account the local system landscape in growth decisions. Our Multi-Academy Trusts: Good Practice Guidance and expectations for growth publication says that RSCs will consider: “how to avoid individual schools—especially small ones in rural areas—becoming isolated outside of a trust, with limited options for joining a MAT in future.” The department is also working closely with the Church of England, which oversees a large proportion of rural schools in England, through its education office to support their Dioceses to put in place effective MAT arrangements for their schools, including small primary schools in rural areas.

**RSCs are struggling to find or expand existing sponsors in rural areas of the country. There is a risk that this scarcity leads to the appointment of sponsors without a quality track record. The Department must prioritise support and funding to trusts which take on struggling schools in such areas. They must also focus on quality when finding and vetting new sponsors across the country. The Government should investigate any claims of trusts flouting bans on expansion.** (Paragraph 91)

When a school needs a sponsor our priority is to identify the best sponsor, the one with the expertise and track record to secure the greatest improvement for pupils in the school given its circumstances. Finding the right sponsor is vital and worth the time investment, but we are drawing from a large pool of capacity. As of April 2017, there were 1027 approved sponsors across the country.

A robust sponsor approval process is in place, which we have developed and improved over time as the academies programme has evolved. Sponsors need to demonstrate a strong track record in supporting school improvement, or that they have ready access to sufficient school improvement expertise. All initial applications to become a sponsor are subject to due diligence and financial checks, and all applications including requests to expand are scrutinised by RSCs, drawing on their HTB's knowledge and advice. This will include assessment of the applicant's overall vision and plans for growth, educational and financial capacity, and governance. RSCs make the final decision of whether to approve



new sponsors (or expansions) to operate in their region, which allows RSCs to facilitate the regional sponsor market to meet the needs of the area. Similarly, they also make decisions, based on advice from their HTB, on which sponsors to match with specific poorly performing schools enabling them to find the most appropriate match based on the sponsor's capacity and expertise and the school's needs.

The introduction of the regional, RSC-led structure has deepened our understanding and knowledge of local areas and sponsors. We are confident that, within this new structure, if an RSC has concerns about a sponsor in their area's performance or capacity they will not approve the trust to take on more schools until these concerns have been addressed. We will continue to review and strengthen these processes to ensure they remain robust and meet the programme's evolving needs.

We are focused on building capacity in those areas of the country where it is most needed—and this includes seeking to grow strong MAT capacity to support schools in Opportunity Areas. In 2016–17 the department provided around £27 million, with additional funding for the North of England, to trusts aimed at building capacity and supporting our strongest sponsors to drive school improvement and turn around underperforming schools. RSCs were able to prioritise this funding in the way the committee recommends: on areas in most need for increased sponsor capacity, including in rural areas. We will consider how we can ensure any future capacity funding appropriately supports the establishment of MATs that include small and rural schools.

In addition, there is a range of practical support that we offer to support the growth of strong MATs. This includes:

- Building of governance capacity and expertise in the MAT system through programmes such as Academy Ambassadors which finds senior figures from the world of business and the professions to join the boards of MATs. To date, Academy Ambassadors has helped MATs to fill over 600 board roles, including Chairs, Chairs of Finance and audit, HR, financial and other specialists.
- Leadership development for the Chief Executive Officers (CEOs) of growing MATs - so far over 260 people have completed or are currently studying the Ambition School Leadership (previously Future Leaders) 'Executive Educators' programme. We have also granted seed funding to some of our best universities and business schools around the country to develop MAT CEO leadership programmes that lead to accredited qualifications. The courses will focus on enabling participants to acquire the business and management skills needed to run and grow a MAT sustainably and effectively. Two of the providers have already launched their courses, with a further course planned for January 2018.
- Supporting new MATs to identify high quality leaders—for example there are also now examples of larger MATs nurturing talent that benefits the wider sector with emerging trusts appointing CEOs from the talented pool of leaders being grown within our strongest MATs.
- Regional support from RSCs including encouraging HTB members to offer advice; organising 'best practice' sharing conferences; facilitating supportive peer-to-peer networks between MATs; and offering sign-posting MATs to others sources of support.

- The department has also made some guidance available online including in the *Multi-academy trusts: Good practice guidance and expectations for growth* document, and a regularly updated page of links to resources MATs may find helpful.<sup>12</sup>

We are also seeking to encourage more independent schools, higher education institutions and selective schools to support the state sector as part of a diverse system, which could include working with MATs where appropriate.

### ***The performance of multi-academy trusts***

**Since the launch of our inquiry, several organisations and the Government have published analysis of the performance of trusts. All of these reports show a mixed picture in terms of the performance of MATs. They show that some MATs are delivering excellent results and using the MAT model to effectively drive improvement. However, a significant number of MATs are failing to improve year on year and consistently appear at the bottom of league tables. (Paragraph 96)**

The government believes that where academies choose to work together in MATs they can:

- Raise the quality, supply and status of the schools' workforce: improving teacher recruitment and retention, ensuring that their most talented teachers and leaders work in the most challenging schools and areas, using the trust structure to facilitate continuing professional development, supporting teacher development by providing formalised coaching and mentoring programmes across schools, and reducing back office and non-staff costs to provide efficiencies that can be re-invested in teaching and learning.
- Build capacity in the system: demonstrating system leadership beyond their own boundaries—for example by participating in mentoring programmes, delivering growth checks, or supporting fledgling trusts.
- Ensure curriculum equips all students well for life and work: using academy freedoms to offer an academically rigorous curriculum, based on evidence of effective pedagogy, and to set high standards for all pupils.
- Target school improvement where it is most needed: a proven school improvement model lies at the heart of every successful MAT, bar none.

The best and strongest MATs have had a transformative effect turning around the performance of some of the most challenging schools in the country. Ofsted data shows that around 400,000 children now study in sponsored academies rated 'Good' or 'Outstanding'—typically these were previously underperforming schools and most are in MATs. Almost 90% of converter academies are rated Good or Outstanding. Sponsored academies have made strong improvements, despite often facing the biggest challenges. In particular, compared to 2015, the average attainment 8 score for sponsored academies improved by 2.7 points from 43.2 in 2015 to 45.9 in 2016. This is equivalent to an improvement of around 3 attainment 8 points (GCSE grades). LA maintained schools made a 1.3 attainment 8 points increase in the same period.

12 <https://www.gov.uk/government/publications/expanding-your-academy-trust-resources-for-multi-academy-trusts/expanding-your-academy-trust-resources-for-multi-academy-trusts>

We acknowledge, however, that not every MAT has been successful. Where academies are underperforming we will act swiftly to address failure and secure improvement. RSCs and their teams are working with trusts on a case by case basis to determine the best course of action, ensuring education for pupils as the first priority.

RSCs can commission a range of support to help MATs to improve—including from local system leaders such as Teaching Schools and National Leaders of Education. In addition, on the 30 November 2016, the Secretary of State announced the £140 million Strategic School Improvement Fund for academies and maintained schools—aimed at ensuring resources are targeted at the schools most in need of support to drive up standards, use their resources most effectively and deliver more good school places.

If a trust is not making rapid enough improvements at a school the RSC will take formal action including issuing formal notices. Since September 2014 we have issued over 120 formal notices to academies or trusts.<sup>13</sup> Ultimately, if the trust cannot make sufficient and rapid enough improvement the school will be rebrokered and transferred to a new trust with the capacity and capability to raise standards for pupils. Since September 2014, 228 academies<sup>14</sup> have been rebrokered due to intervention or sponsor closure.

**We are concerned by the growth of ‘untouchable’ schools and the length of time it is taking for some schools to be re-brokered. The Government should give greater support for schools which are deemed unattractive to sponsors and play a more active role in re-brokering through RSCs.** (Paragraph 103)

High quality sponsors raise standards in underperforming schools. They bring fresh vision, strong leadership and clear accountability.

While some schools present challenges, it is unhelpful to label them as “untouchable” and does a disservice to the children and communities they serve.

Where an academy is underperforming there are a range of approaches that an RSC will take and it is not always the case that rebrokerage is the most appropriate action. For example, where a sponsored academy with a long history of underperformance prior to conversion is making slow but steady progress with their sponsor, it may be more beneficial to pupils for the RSC to identify additional support for the sponsor to help accelerate progress. The fact that an academy is still with their sponsor after an Inadequate Ofsted, therefore, is not a sign that a sponsor cannot be found or that the rebrokerage is too slow, but it may instead be that rebrokerage is not the most appropriate intervention.

Where rebrokering is the most effective approach to secure improvement for pupils RSCs will be actively involved throughout and will offer all the support they can to secure a swift and effective transfer. Rebrokerage cases are eligible for a support grant similar to the grant we offer for LA maintained schools that are being sponsored.

There may, however, be delays that are not directly related to education standards—such as complex PFI contracts or poor building conditions. Potential sponsors will want to understand the implications of taking on the school. We are testing options to make

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13 Figure as of 1 September 2017, <https://www.gov.uk/government/publications/list-of-letters-to-academy-trusts-about-poor-performance>

14 Figure as of 1 June 2017

available basic, factual information relating to finances and performance of the school and developing good practice guidance on carrying out due diligence to help sponsors to understand how they could make the best possible start with the school.

When the transfer cannot be completed quickly because of wider issues or concerns outside of the trust's control, the RSC will help to secure high quality, timely school improvement support until a new sponsor has been identified or a transfer can take place.

We are committed to ensuring as much transparency as possible in how RSCs make their decisions. We must recognise, however, that academy trusts are limited companies and charitable trusts and some aspects of the discussions and deliberations RSCs and HTBs have about their operation will need to be treated as confidential. Nevertheless, the department already publishes a record of HTB meetings. The way this information is provided has been improved to make clearer the nature of the discussion, what the key discussion items were, any action that was required and the final decisions the RSC made. We will continue to review this. In addition, we have undertaken to publish the costs of rebrokerages and are finalising arrangements for publication early in the autumn, and we are looking into the scope of making data available annually on the number of complaints received about RSC decisions. The department will look at what more we can do, and make available publicly, to ensure the public can understand the rationale for RSC decision-making, balancing this against the risk of taking action which might have an unintended, adverse effect on the running of schools.

**We welcome the introduction of a MAT 'growth check' and look forward to the Department publishing further details on what measures will be part of the check and the process by which the check will be used. The Government must place tight restrictions on the growth of MATs and use their 'growth check' to ensure that MATs are only permitted to take on more schools when they have the capacity to grow successfully.** (Paragraph 107)

Under existing arrangements, the growth of MATs continues to be carefully monitored and managed by RSCs, as set out in the RSC decision-making framework. RSCs decide, on behalf of the Secretary of State and advised by their HTB, whether to approve or decline applications for schools to convert into MATs, or join existing ones. Decisions are based on whether the capacity of the trust is sufficiently robust to drive improvements in all schools in the MAT.

In addition, the department's *Multi-academy trusts: Good practice guidance and expectations for growth* publication sets out our knowledge about successful MATs, to support MATs to grow sustainably and RSC decision-making.

The MAT growth checks, which are currently in development, will build on these existing arrangements. We envisage that the focus of the growth checks will be to help MATs to build the capacity to improve new and existing schools. The check would therefore help them to identify and understand any changes they may need to make to develop securely and sustainably. We recently completed a number of pilot checks. Feedback from participants who took part in these pilots suggest the majority greatly valued peer-to-peer support and the collaborative tone of the checks, as well as the opportunity to share knowledge of what works with others. We will use all of the learning from the pilots, along with analysis of wider evidence, to guide development of the programme.

**Recent performance tables show a significant difference in the attainment of trusts, with a small group of trusts consistently producing excellent results for their students. These trusts should be encouraged to share best practice and use their expertise to support the MATs which are consistently under-performing. We are encouraged to hear that the Government is developing “mentoring MATs” and look forward to seeing more details of this programme.** (Paragraph 116)

We agree that high performing trusts have an important role to play in sharing best practice across the system. Many play a system leadership role beyond their MAT as NLEs, or by joining, leading, or working with Teaching School Alliances. Specifically, at a senior executive level 79% of MATs have a formal relationship with a Teaching School Alliance, 70% have regular formal relationships with local authorities, and 70% of MATs have such links with other trusts.

RSCs are proactive in facilitating peer-to-peer support through a range of measures: the use of HTB members to offer advice, drawing on successful CEOs to lead best practice sharing conferences for less established MATs and organising supportive networks between MAT leaders including, in some cases, through peer mentoring partnerships.

Peer mentoring provides the opportunity for established MAT CEOs to support newer MATs on issues which they regularly seek advice on, such as: effective governance and working with Chairs and Boards; planning sustainable growth and developing business plans; achieving the right balance between consistent processes and local autonomy within a MAT; and staff recruitment, retention and development.

By way of example, South East England and South London RSC region have initiated a programme aiming to provide 1:1 support to less experienced MAT CEOs by drawing on the expertise and experience of successful leaders in the region. At a more local level, the Wakefield System Leaders Network supports its members through a range of collaborative exercises, including CEO mentorship.

Sir Nick Weller's Northern Powerhouse Schools strategy review identified MAT CEO mentorship as a means to improving leadership and sponsor capacity in the North. We have committed to investing in developing strong MATs in the North, including in Opportunity Areas and will work to increase the number of collaborative peer to peer support opportunities such as mentoring.