The Academies Programme

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The Academies Programme

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EXECUTIVE SUMMARY

1 An academy is a new type of school which is publicly funded, supported by one or more sponsors, and operates independently of the local authority. The Department for Education and Skills (the Department) intends that academies should raise achievement in deprived areas by replacing poorly performing schools or providing new school places where they are needed. The first three academies opened in 2002 and, by 2006, 46 academies were providing secondary education.[1] The Academies programme is substantial, with 200 academies planned to be open or in development by 2010 at a capital cost of around £5 billion. By October 2006, the programme had cost £1.3 billion in capital and running costs.

2 We examined whether the Academies programme is able to meet its objectives and to deliver value for money, focusing in particular on:

■ capital costs and running costs of academies;

■ new academy buildings;

■ academic performance of academies;

■ academies' contributions to tackling social deprivation; and

■ management of the programme.

1 The names and locations of the 46 academies are at Appendix 2 and further details are on the Department's website at www.standards.dfes.gov.uk/academies/projects/openacademies/.

1 The Academies programme – facts at your fingertips

What are the aims and objectives of the Academies programme?

The Academies programme aims to improve educational attainment in deprived areas, both by replacing poorly performing schools and by building new schools where more school places are required. The programme was announced in 2000, and is run by the Department for Education and Skills.

There are three main programme objectives:

- to drive up standards by raising achievement across the local area;

- to increase choice and diversity by creating a new type of local school that provides a good standard of education; and

- to have at least 200 academies open or in development by 2010, including 60 in London. In November 2006, the Prime Minister announced plans to double the number of academies to 400.

What are academies?

- Academies are publicly funded schools that operate independently of local authorities.

- The Department has paid most of the capital costs and all the running costs.

- Each academy has one or more sponsors that the Department expects to have a commitment to educational excellence and the capacity to bring it about, for example by challenging traditional thinking on how schools are run.

- Sponsors of existing academies will contribute around £2 million to the capital costs of each academy and influence building design, curriculum, specialism(s) and ethos, and appoint members to the governing body. In future, sponsors' financial contributions will instead go into long-term endowments that academies can spend on their educational needs.

How many academies are there?

Number of academies opened by:

September 2002	3
September 2003	12
September 2004	17
September 2005	27
September 2006	46

Source: National Audit Office, Department for Education and Skills

- The 46 academies now open include 23 in London.

- The 46 academies include five former city technology colleges and five new schools (i.e. academies that had no predecessor school) with a phased intake of pupils.

- Over 30 academies are planned to open in each of the next three years, increasing the total from 46 in 2006 to about 150 by 2009.

How much do academies cost?

- According to the Department's information, the total capital cost of the programme for 200 academies will be around £5 billion. The programme had by October 2006 cost £1.3 billion.

Financial year	Costs (£ million)			
	Capital	Revenue	Management of programme	Total
2000-01	5	1	0	5
2001-02	3	6	1	9
2002-03	62	19	1	81
2003-04	130	55	2	187
2004-05	221	93	2	317
2005-06	252	146	4	401
2006-07	168	144	2	314
Total	**840**	**463**	**11**	**1,314**

(Note: numbers may not total, due to roundings.)

- All academies involve some initial capital costs. These costs have so far ranged from £6.5 million to £40.4 million, and the average is £24 million (Appendix 4).

- The Department aims to provide academies with funding for running costs that is equivalent to other maintained schools in similar circumstances.

- The total amount of revenue funding provided for 2005-06 to each of the 27 open academies varied between £2.2 million and £8.7 million, and between £4,300 and £6,400 per pupil, excluding start-up grants.

3   We collected evidence from a range of sources, including visits to 17 academies, analysis of school performance data, a survey of schools located close to academies, and interviews with the Department and other key stakeholders (Appendix 1 provides more details).

Capital and running costs: are academies expensive?

4   The Department sets capital budgets for academies by reference to other good quality new schools, reflecting its intention to raise the standard of school buildings generally. In addition, it has often allowed some extra funding to be planned within capital budgets, including for difficult site conditions and temporary accommodation during construction. 17 of the first 26 academy projects suffered capital cost overruns, averaging £3 million.[2] Overall, academies have cost more to build than other secondary schools, at around £24 million on average (around £27 million for those that are entire new buildings) and as high as £40 million. By comparison, the Department's information on a small number of new secondary schools indicates that they typically cost between £20 million and £22 million. However, the capital costs of these schools are not directly comparable with academies because of a number of factors, including differences in location, site constraints, number and age range of pupils and local construction prices.

5   For the future, the Department aims to reduce the cost of academy buildings by incorporating the delivery of the new buildings into its Building Schools for the Future programme. For those academies being built in areas not yet covered by Building Schools for the Future, the Department has been developing a national framework that is designed to realise cost savings, for example through the commissioning of more than one new school in an area.

6   The Department calculates the annual funding of open academies so that they are no better or worse off than similar local schools. To cover the diseconomies in staffing and other running costs (such as the purchase of teaching material) incurred by a new school, the Department also provides each academy with start-up funding for up to four years after opening, or occasionally longer. Start-up funding has averaged £1.6 million in total so far for each of the first 12 academies.

Academy buildings: are new academy buildings good quality?

7   The Department aims to provide each academy with a high-quality teaching and learning environment with modern resources, in innovative and inspirational buildings. We found that compared with other new schools, most academies are of good quality, having benefited from a process that has given architects and users sufficient time to consider the design fully.

Academic performance of academies: are academies improving results?

8   It is relatively early days for measuring the performance of academies: for example, all GCSE entrants at academies have previously attended another secondary school. Nevertheless, the main features of academies' performance so far are:

- GCSE performance in academies has improved compared with predecessor schools;

- GCSE performance in academies in 2006 was broadly similar to that in comparable schools;[3]

- GCSE performance is improving faster in academies than in other types of school, including those in similar circumstances, and the gap between the best and worst performance of individual academies has narrowed;

- Key Stage 3 performance in academies in 2005 was comparable with Fresh Start schools;

- taking account of both pupils' personal circumstances and prior attainment, academies' GCSE performance is substantially better, on average, than other schools; and

- academy performance at advanced level study (unadjusted for context) is well below the national average, reflecting some academies' lack of focus on sixth forms in their early years.

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2   St Paul's Academy, which opened in 2005, is excluded from the analysis because the contract for the construction of its new building had not been let by the end of 2006.

3   We identified that the most comparable schools to academies are new schools formed under the Fresh Start programme and schools in deprived areas that are supported by the Excellence in Cities programme. More details are at paragraph 2.6.

9 Our earlier report on *Improving poorly performing schools*[4] identified the major factors in turning around a school's performance. The relatively good performance of academies reflects these factors; notably, most academies have high quality leadership and governance and have improved teaching and learning, drawing on the benefits of their new environments. Some sponsors have played an important part by raising aspirations and contributing to a positive ethos. On average, academies admit higher proportions of pupils eligible for free school meals, with special educational needs, and with low prior attainment than live in their immediate vicinity, so the improvements are unlikely to have been achieved through the selection of more able pupils. Some academies have innovative staffing and salary structures, but other maintained schools could do much the same. Academies also receive broadly similar funding to schools in similar circumstances, so the main material advantage that an academy has is its new (or, occasionally, remodelled or refurbished) building.

10 While the results of most Ofsted inspections of academies have been encouraging, not every academy has achieved a satisfactory or better Ofsted inspection report. Unity City Academy in Middlesbrough and The Business Academy in Bexley have received critical inspection reports.[5] Unity was made subject to special measures in March 2005, and Ofsted's most recent monitoring visit in November 2006 found that its overall progress was inadequate, although its rate of improvement had accelerated rapidly in recent months. Ofsted issued The Business Academy with a Notice to Improve in November 2005, and it will re-inspect the Academy by March 2007.

Contribution to tackling social deprivation: are academies tackling deprivation?

11 The Academies programme aims to raise aspirations and attainment in deprived communities, and academies are located in places where they can serve these communities. Academies are raising the attainment of their pupils with deprived backgrounds, for example by providing a range of vocational GCSEs alongside the academic qualifications. The focus on vocational qualifications is likely to have contributed to academies' relatively low performance when considering the proportions of their pupils achieving five GCSEs at A* to C when English and maths are included.

12 In their early years, academies have tended to focus primarily on addressing the major challenges inherent in establishing a new school. There is, as yet, little collaboration between academies and neighbouring schools, except with the 'feeder' primary schools. It is inevitable that academies will affect some neighbouring schools because academies mostly have better reputations than their predecessor schools and are much more popular with parents.

Management of the programme: is the Department managing the programme effectively?

13 This is a challenging programme for the Department, being a new activity with demanding targets for setting up academies and for quickly achieving big improvements in performance. The Department is on course to reach its target of 200 academies open or in development by 2010.

14 The Department has had to develop and buy in expertise in project management, construction management, and educational improvement, to manage and deliver the programme. There are no formal post-project reviews of the setting up of each academy, though the Department has learned lessons and made systematic improvements, including to project management.

15 Under current VAT regulations, academies cannot open their facilities to the local community beyond 10 per cent of total usage, otherwise they would incur substantial liabilities for VAT payable on the academy construction cost. The Department has been aware of the issues around VAT liability for several years. It is in continuing, high-level discussions with HM Treasury and HM Revenue & Customs to find a solution.

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4   *Improving poorly performing schools in England*, HC 679, Session 2005-06, January 2006.
5   Opening in 2002, Unity City Academy and The Business Academy in Bexley were two of the first three to open.

Value for money assessment

All pupils who have taken GCSEs in academies so far have spent time in other secondary schools, so the full impact of even the first academies will not be known for several years. However, their pupils' achievements in 2005 and 2006 indicate a strong trend in raising attainment. If this trend continues, the Academies programme will meet its objective of raising attainment in deprived areas.

Few academies have yet been able to contribute substantially to raising attainment more widely in their local area through collaboration with other schools, but they are starting to develop relationships locally. Value for money from the use of academy facilities is currently constrained by restrictions on the opening of the facilities to the community.

Given the progress made by most academies so far in improving the quality of education for their pupils, the Academies programme is on track to deliver good value for money. To achieve this goal the programme needs to pay particular attention to:

- managing the capital costs of academies, while continuing to provide good-quality, flexible learning environments; and

- the sustainability of the funding and performance of academies, including a timely managed withdrawal of funding for start-up costs for each academy and continuing improvement in academy performance.

Our conclusions and recommendations

a   Most academies have made good progress in improving GCSE results. Overall performance in English and maths remains low, though there have been improvements in 2006. Academies should give a high priority to literacy and numeracy learning to equip all of their pupils with these essential skills. The Department's education advisors should mirror this priority by continuing to work closely with academies to help them develop effective approaches and by sharing the lessons learned.

b   Most academy buildings are of good quality, and a major factor in their quality is the time and effort spent working with users on achieving good design. It will be important that the Department, Partnerships for Schools and local authorities draw fully on the experience gained in building academies so that good quality buildings are also constructed through the Building Schools for the Future programme.

c   Most academy buildings have suffered cost overruns. While some overruns resulted from unforeseen costs, overruns have also resulted from poor project management. The Department and Partnerships for Schools, which will be delivering later academy buildings, should increase the emphasis on the capability of project managers to track and monitor costs so that they can be properly controlled.

d   The Department neither undertakes nor commissions any post-project review after each academy has opened. We noted many lessons from the academy projects we examined; while some lessons are passed on through informal channels, there is a risk that important experience is lost. The Department should ask all established academies to list the top ten lessons from their first years of experience. For academies that opened in September 2006, it should commission a post-project review involving all relevant stakeholders. It should disseminate all these lessons to academies currently in planning or being built.

e   Academies require and receive relatively high funding per pupil, reflecting their location in deprived areas. Nevertheless, most also face other risks to their sustainability, such as uncertainty about the costs of maintaining their innovative buildings and the availability of start-up funding from the Department. The Department should support academies to move to equivalent revenue funding (i.e. without extra start-up funds) to similar local schools after three years, which is the time allowed for schools in the Fresh Start programme, or until academies that have a phased intake of pupils are full. The Department should also examine the costs of maintaining the new buildings, and use the results to inform the designs of future academies.

f   Some academies undertake all their own procurement and support services, while others are establishing collaborations to help share and reduce costs, either with the support of sponsors involved with more than one academy or by cooperating with local authorities. The Department should encourage all academies to collaborate to achieve specific cost savings through shared services; for example, we estimate that by enabling all academies to buy insurance at a good price, the Department could help to secure savings of around £2 million a year. In the next two to three years, the Department should also review how spending patterns at academies have evolved, and whether the academies' financial freedoms are contributing to improved efficiency and effectiveness.

g   **The Academies programme is unevenly spread geographically and, reflecting government policy on school improvement, academies have particularly benefited parts of London.** Availability of sponsors has been an important factor in determining the location of academies, as have the attitudes of different local authorities to the programme. The Department should undertake research into the most effective models of governance and sponsorship, and use the results to attract suitable sponsors.

h   **While the business case for an academy is usually strong, the case for the academy having a sixth form is sometimes less convincing.** There can be good grounds for an academy sixth form, for example where existing providers are less able to meet an expected increase in demand for sixth-form places or where a sixth form could help to raise aspirations in deprived communities. However, the grounds for a sixth form need to be solid, in order to avoid the risk of unviable sixth-form provision that could lower, instead of raise, the overall quality of the area's post-16 education.

i   **There has been little collaboration between most academies and neighbouring secondary schools, which may see each other as 'competition'.** Academies have generally sought support from the Department and other academies, and have focused their local contacts on primary schools in their area. However attitudes on both sides are changing. Most well established academies want to grasp the challenge of becoming a supportive partner to other schools in their area. Although the Department does not expect new academies to be able to collaborate much at first, it should accelerate collaboration by asking academies in their second or third year (taking account of the internal challenges they face) to produce and communicate proposals for collaboration with other schools in their area.

j   **There is a need to resolve the issue of large, unfunded VAT liabilities falling on academies if they do not restrain communities' use of academy buildings.** Academies are typically built in areas that have historically suffered from lack of educational investment, and they are an enormous community resource. The Department and HM Treasury should seek to reach rapid agreement on an appropriate mechanism that would enable academies to raise community usage above the 10 per cent threshold allowed under the regulations governing eligibility for VAT relief.

k   **For the recently announced doubling in the size of the programme to be a success, the sector will require access to greater numbers of highly effective school leaders.** Academy principals will be a vital ingredient of the success of the programme, but there is a risk that general shortages in school leaders will mean that academies cannot recruit the right people. The Department should work with its partners to recruit and develop more people as school leaders of academies and other schools in challenging circumstances.

PART ONE

The Academies programme

1.1 Schools in England have improved in recent years, but there is a wide range in their performance and some schools still do not achieve the minimum targets set by the Department for Education and Skills (the Department) for pupil attainment. Many poorly performing schools are in deprived areas, creating a further disadvantage for the young people living in those areas. The Academies programme is a major element of the Department's strategy to tackle the problem of low educational attainment in deprived areas. In this part of our report we examine:

- the aims and context of the Academies programme;

- the progress made towards opening 200 academies; and

- the challenges faced in delivering the programme.

The Academies programme aims to improve schools in the most challenging circumstances

1.2 The Academies programme aims to improve educational attainment in deprived areas both by replacing poorly performing schools and by building new schools where more school places are required. The objectives of the programme are to:

- drive up standards by raising achievement across the local area; and

- increase choice and diversity by creating a new type of local school that provides a good standard of education.

1.3 The first objective is particularly challenging because it calls on academies to improve attainment across their local area, not just among their own pupils, for example by working with other schools or by providing community facilities. Achieving a good standard of education usually requires academies to make a substantial improvement on the performance of predecessor schools.

Academies are different from other maintained schools

1.4 The programme was launched in March 2000 and extended by the Education Act 2002, which provided for all-age, primary and sixth-form academies, and conversions of city technology colleges to academy status. The programme is a new activity for the Department, although there are similarities with the city technology college programme that set up 15 colleges in deprived areas in the early 1990s. The colleges have more control over their admissions than academies, but both are supported by sponsors and are independent of the local authority. Fresh Start schools[6] also replace schools in difficulty and involve refurbishment and re-opening as a new school, but these schools are not independent of local authorities, nor are they sponsored.

1.5 Academies are publicly funded schools, and the Department pays most of the capital costs and all the running costs. Each academy has one or more sponsors who contribute to the capital costs and influence building design, curriculum, specialism(s) and ethos, and appoint members to the academy's governing body. **Figure 2** compares academies with other maintained schools.

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6   The Fresh Start programme has been expanded to include 'collaborative restart', in which the new school works with other local schools.

The programme is operating in a challenging context

1.6 The scale of the Academies programme is much larger and more ambitious than comparable programmes: 200 academies are to be open or in development by 2010, compared with 15 city technology colleges and 51 Fresh Start schools that have opened. In November 2006, the Prime Minister announced that the number of planned academies was to double to 400 academies.

1.7 Academies' predecessor schools often have a long history of low attainment, a poor reputation with local parents, and pupils with low aspirations or challenging behaviour. The new academies are usually immediately more popular than their predecessor school, which can create difficulties for neighbouring schools and cause strain in relationships from the outset. Although all academies are in deprived areas, their individual circumstances vary considerably. For example:

■ there may be one or two predecessor schools, or none at all;

■ sponsors may be organisations or individuals, from a private, voluntary or public sector background, and may sponsor a single academy or several. Sponsors establish the academy's ethos, including whether it is faith-based;

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2 Characteristics of academies and other maintained schools

Characteristic	Academies	Other maintained schools
Status	Companies limited by guarantee with charitable status, and known as academy trusts. They are independent of the local authority (but a local authority can be a sponsor of an academy).	They are maintained by the local authority, but their status is one of: community school; foundation; voluntary aided; or voluntary controlled.
Governance and accountability	Governing body is appointed by the academy sponsor and is accountable to the Secretary of State and to local parents. The sponsor is expected to provide vision, ideas and challenge.	School governing body is mixture of appointees and elected governors and is regarded as being accountable to local parents. Most secondary schools are specialist schools and so have sponsors, some of whom become involved in the governing body.
	The Department requires all schools to have a parent governor who is elected.	
Accounts	As companies, academy trusts file annual accounts that are subject to external audit.	Finances are incorporated in the accounts of the local authority, which are audited by the Audit Commission.
Funding	The Department and the sponsor fund capital costs directly. The Department funds the full running costs.	Capital and revenue funding is provided by the Department and the local authority.[1]
Pupil admissions[2]	Academies are "admissions authorities" and must comply with the School Admissions Code of Practice. Under the Education Act 2002, they are to provide education for pupils of different abilities who are wholly or mainly from the area in which they are located.	Voluntary Aided and Foundation schools are admissions authorities and must comply with the School Admissions Code of Practice. The local authority arranges admissions to other schools and must comply. A minority of schools are selective, not all-ability.
	Most academies and most of the 80 per cent of other secondary schools that are specialist can select up to 10 per cent on aptitude for the specialism(s).	
Curriculum	Some freedom from National Curriculum but pupils take national examinations.	Must follow the National Curriculum.
Staffing	Academy sets its own pay and conditions.	Must follow the national pay and conditions model.

Source: National Audit Office

NOTES

1 With the exception of voluntary aided schools, who contribute 10 per cent to capital costs.

2 More information on pupil admission arrangements is at http://findoutmore.dfes.gov.uk/2005/11/school_admissio.

■ some academies admit pupils on a phased intake, while others admit by an all-form entry;[7] and

■ their building designs vary, influenced by factors such as educational vision and site constraints.

The Department has to take account of these and many other local factors in supporting the setting up and running of academies.

1.8 Before the Academies programme, the Department had had little recent experience in building new schools. There had been no major school building programme for over thirty years and local authorities had procured the relatively small numbers of new schools that were built. To deliver an academy project successfully, the Department must work with a variety of project partners, including consultants and technical specialists, and build successful relationships with local authorities, sponsors and academy principals (headteachers). The Department faces a challenge in taking on roles that a local authority would for other schools, requiring new skills that the Department has had to learn quickly. A notable example of a challenging project is the set up of the Paddington Academy and the Westminster Academy, which opened in September 2006. These academies were created from one predecessor school which had been based on three separate sites. Both academies are having to operate for longer than planned in the predecessor school buildings while the new buildings are being completed.

Good progress is being made towards the target of 200 academies

1.9 The first three academies opened in 2002 and there are now 46 academies, including five converted from city technology colleges.[8] **Figure 3** shows the number of academies by year of opening. All academies teach the 11–16 age range; 42 have sixth-form provision; two also teach at primary level.

1.10 The Department is on course to achieve its target of 200 academies open or in development by 2010, but there are continuing risks. Enough schools have been identified, with around 170 planned academies having reached different stages at September 2006, including 63 academies that have been approved for development. The Department will need to maintain its existing completion rate of academy projects or start sufficient new projects to replace those that are not completed.

1.11 Another risk lies in a major change to the mechanism for delivering the new buildings. From 2000 to 2006, the Department and the academies were responsible for delivering the buildings, but new academy projects will now be completed as part of the Building Schools for the Future programme or Partnerships for Schools' National Framework for Academies, and local authorities will have an increased role, including:

■ producing a business case which outlines cost estimates and how the academy will fit into the local authority's schools strategy; and

■ overseeing the procurement and building of the academy.

1.12 Academies already at an advanced stage of development will continue to be delivered through the existing academy model. The Department expects to achieve financial savings through the new approach, largely through multi-school procurement, but cost overruns could affect the availability of funds that will be needed to achieve the target of 200 academies open or in development by 2010.

3 Types of academies opening each year, 2002 to 2006

Most academies replace predecessor schools.

Academies opened

Converted city technology college
New school
Replaced predecessor school
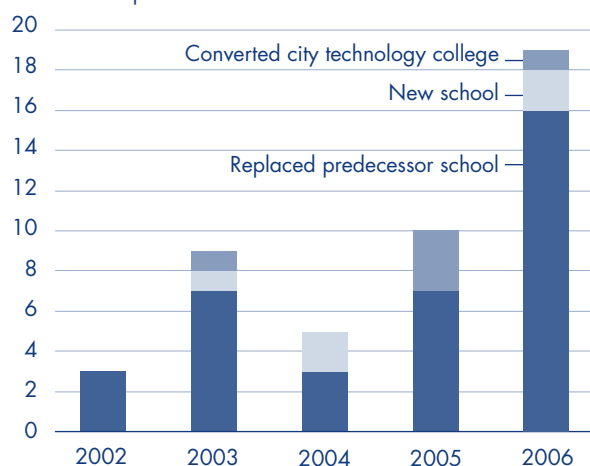
Source: National Audit Office

NOTE

Djanogly City Academy Nottingham was formed from a city technology college, but it also incorporated another predecessor school.

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7   Phased intake builds up from 11 year olds in year 7 and takes five or more years to fill a school. All-form entry includes every school year on opening.
8   A full list of academies is at www.standards.dfes.gov.uk/academies/projects/openacademies.

1.13 Over 30 academies are planned to open in each of the next three years, increasing the total from 46 in 2006 to around 150 by 2009. Establishing so many new academies while continuing to support existing academies will require additional skilled resources in the Department or alternative means of providing programme leadership and support.

Most academies are located in very deprived areas, but London benefits more than other regions

1.14 We examined the location of the 46 academies opened by September 2006 (Appendix 2) and found that most are located in or near the most deprived areas: 28 of the first 46 academies are in the 20 per cent most deprived areas. But some similarly deprived areas do not have academies.

1.15 We also examined the academies planned for each English region compared with its level of deprivation. Coverage of each region depends upon a number of additional factors, including the attitude of local authorities to the Academies programme and the availability of sponsors wishing to support academies in the region. Our analysis of the regional spread of academies **(Figure 4)** indicates most regions will have the number of academies that is proportionate to their need, based on the prevalence of the most deprived areas. The North West stands out as having fewer academies open or planned than expected. London has many more academies than its levels of deprivation would indicate, reflecting government policy and the Department's target for 60 of the first 200 academies to be in London. The need for academies in London could, however, be understated by this analysis, because there are shortages of places in some parts of London and many pupils do not go to a local maintained school, instead going to a maintained school in a different borough or a private school. Another factor in the number of London academies is the number of sponsors preferring to be involved in London.

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4   Planned academies and estimated need for academies, by region

All regions, except London and the North West, were planned to have a similar number of academies to the number we have estimated to be appropriate based on the location of most deprived areas, as at summer 2006.

Number of academies
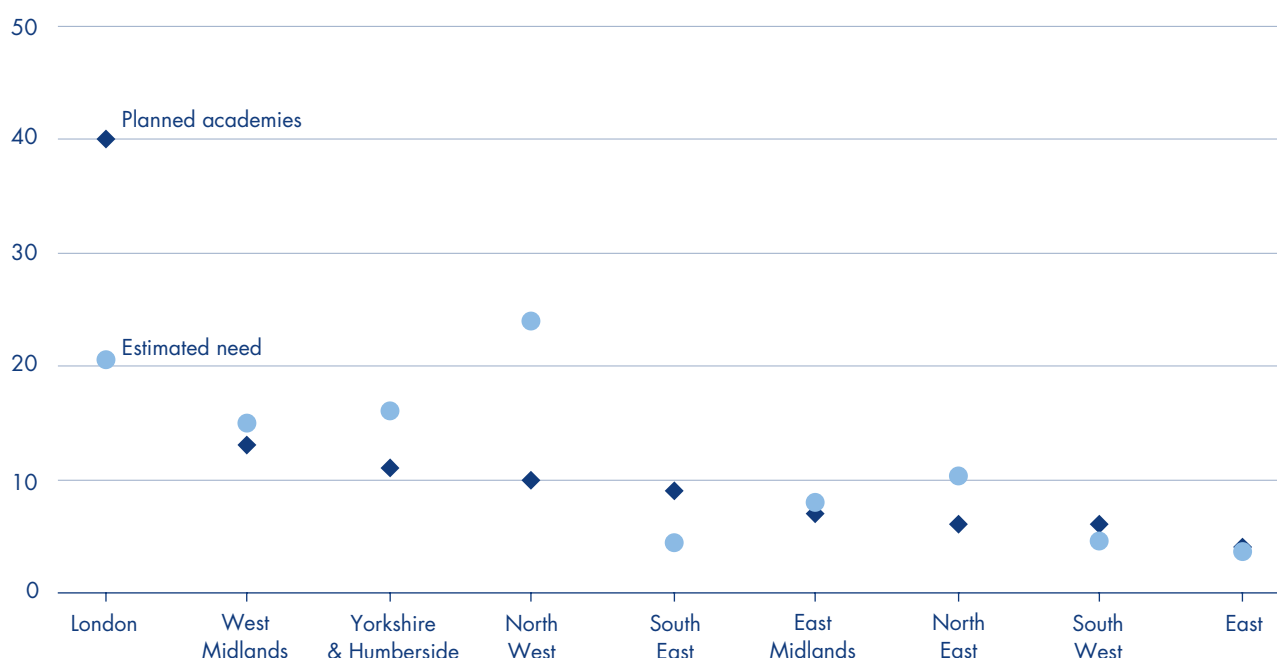
Source: National Audit Office

NOTE

The 'planned academies' comprise open academies and projects in the implementation and feasibility stages. Our calculations of estimated need for academies are based on the total number of 'planned academies' and allocated according to the number of England's 20 per cent most deprived 'super output areas' in each region.

Academy status is generally given to schools in need of support

1.16 As shown in Figure 3, most academies replace predecessor schools. The exceptions are new schools where places are needed in deprived areas and the conversion of city technology colleges, most of which are already achieving good academic results.

1.17 The secondary schools in most need of intensive support are schools in challenging circumstances, for example with many pupils from deprived backgrounds, which have been put into special measures by Ofsted. We examined the plans for the 11 schools in special measures in September 2006 that had over 20 per cent of their pupils eligible for free school meals. Two of these schools were subject to an academy feasibility study, six were on the Department's list of pre-feasibility proposals, and three were not currently being considered for academy status.

1.18 It is possible for a school to do well at an Ofsted inspection and still become an academy. A recent example is St Mary Magdalene Primary School in Islington, which will become the primary section of the new St Mary Magdalene Academy in September 2007. Ofsted's 2003 inspection of the primary school concluded that it was a very good school and also reported that it had very good accommodation. However, because of the need for new secondary places and a shortage of available sites, the school's governors and the Department agreed that the primary school be closed, demolished and rebuilt on the same site as part of an academy which would add to the diversity of school provision.

PART TWO

Improving educational attainment

2.1 Located in deprived areas and often taking over poorly performing schools, academies start in challenging circumstances. The main point of the Academies programme is to improve the educational attainment of pupils, so that many more young people in deprived areas have the opportunity to achieve good qualifications and go on to further or higher education or employment.

2.2 In this part of the report we examine:

- recent attainment in academies compared with other schools;

- trends in attainment;

- the relationships between academies and neighbouring schools; and

- the popularity of academies among parents.

2.3 We use data on results from the years 2005 and 2006. For all our global analyses, we exclude the four academies that were created from city technology colleges, because they were already achieving good results and so do not start from the same low base as other academies. We do, however, refer to academies that were formerly city technology colleges, as appropriate. Up to three open academies with a phased intake of pupils are also excluded because their pupils had not yet taken the examinations. A small number of other academies are excluded from some analyses where data was not available. Full details of which academies are included in each of our analyses are in Appendix 1, Figure 21.

Academies are making progress towards the target of matching the national average for GCSE results within four years of opening

2.4 The Department's targets for academies include raising attainment to at least the national average for the percentage of pupils gaining five or more GCSE grades A* to C, within four years of an academy opening. This is a tough target for academies because of the low attainment of most predecessor schools and the low prior attainment of their pupils. Current results still reflect the performance of pupils who have spent at least part of their education in a predecessor school.

2.5 We examined academies' 'five GCSEs at A* to C' measure compared with their predecessor schools. **Figure 5** shows that predecessor schools were, on average, performing poorly three years before becoming an academy and that their performance and that of the academies improved, on average, every year for the following five years.[9]

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9   Predecessor schools normally enter the Academies programme about two years before formally re-opening as an academy. GCSE results and other performance measures of individual academies are available at http://www.dfes.gov.uk/performancetables/.

5 GCSE results of academies and their predecessor schools

Academies' results at GCSE have improved substantially compared with predecessor schools.

Average percentage of pupils achieving five GCSEs at A* to C
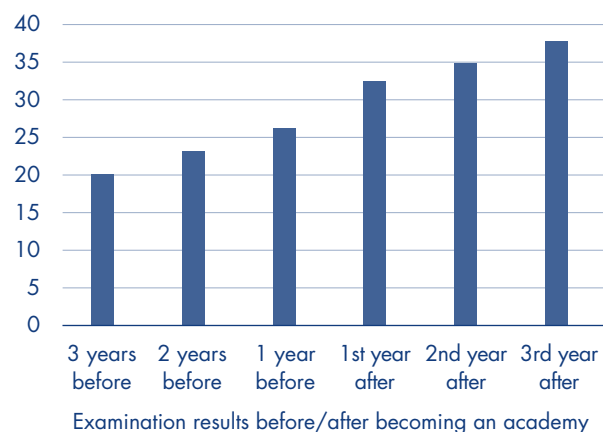
Examination results before/after becoming an academy

Source: National Audit Office analysis of data from the Department

NOTES

1   The first four bars are based on average data from 20 academies (Figure 21), and the fifth and sixth bars are based on the first 13 and 10 academies respectively. The first 13 academies averaged 29 per cent in their first year as an academy.

2   The final year results of predecessor schools are not shown because they are not fully verified.

2.6 We compared GCSE results of academies in 2006 with all secondary schools[10] and with the following other secondary schools in similar circumstances to academies:

- Excellence in Cities schools with at least 20 per cent of pupils eligible for free school meals: the Excellence in Cities programme, started in 1999, was expanded to include more schools in later years. These 623 schools are in deprived areas, receive additional funding and work with other schools to raise educational standards.

- Fresh Start schools: these 22 schools opened between 1998 and 2006, replacing poorly performing schools. They open on the same site with a new governing body and staff changes, and receive additional capital and running cost funding.

2.7 **Figure 6** shows that for three main measures of GCSE performance (five or more grades A* to C, grades A* to G, and grades A* to C including English and maths) in 2006, academy pupils gained on average better results than Fresh Start schools but not as good as those of Excellence in Cities schools in deprived areas.

6 GCSE results of academies and other schools, 2006

Academies' GCSE performance was broadly comparable with schools in similar circumstances – better than Fresh Start schools but not as good as Excellence in Cities schools in deprived areas.

	Pupils achieving five or more A* to C grades at GCSE (%)[2]	Pupils achieving five or more A* to G grades at GCSE (%)[3]	Pupils achieving five or more A* to C grades including English and maths (%)[4]
Academies(20)[1]	40	80	22
Excellence in Cities schools with a high percentage of pupils on free school meals	47	87	29
Fresh Start schools	35	79	17
All secondary schools	58	92	45

Source: National Audit Office analysis of data from the Department

NOTES

1   Results for academies are based on the 20 academies with results in 2006 (Figure 21).

2   Five or more A* to C grades at GCSE is one of the main measures of school performance.

3   Five or more A* to G grades at GCSE is a useful variation as it reflects the performance of more of a school's pupils who are achieving D to G grades.

4   Five or more A* to C grades including English and maths is a new measure that reflects the importance of these two subjects.

10   All schools include all maintained schools, excluding special schools, independent schools and pupil referral units.

2.8   There was a wide range of GCSE results among academies in both 2005 and 2006 **(Figure 7)**. In 2005, the pupils of one academy[11] achieved above the national GCSE average for that year (56 per cent of pupils with five or more GCSEs at A* to C). At three academies, 20 per cent of pupils or less achieved five or more A* to C grades.

2.9   For 2006, the three academies achieving the lowest results in 2005 each improved their performance to just over 30 per cent. The range of results among the same group of academies narrowed in 2006 (middle bar of Figure 7). Of the 20 with GCSE results that year (right hand bar of Figure 7), two academies exceeded the national average (58 per cent of pupils).[12] By 2006, just three academies had had four years of results since opening. At one, Greig City Academy, pupils' attainment was just above the national average for GCSE results A* to C. The other two have experienced difficulties since opening that we describe in paragraph 2.23.

Academies achieved greater improvements in attainment of five GCSEs at A* to C than other schools between 2005 and 2006

2.10   **Figure 8** shows the rates of improvement in GCSE results between 2005 and 2006, which for academies were greater than for comparable schools and for all schools. Academies' rates of improvement were also greater than other schools between 2004 and 2005. For the 2006 results, there was an especially high percentage point improvement in academy pupils achieving five or more A* to C grades at GCSE including English and maths, relative to other schools.

7   Ranges of GCSE results among academies, 2005 and 2006

Academies' GCSE results are narrowing, but there remains a wide range in performance.

Range of pupils achieving five or more A* to C grades at GCSE at individual academies (%)
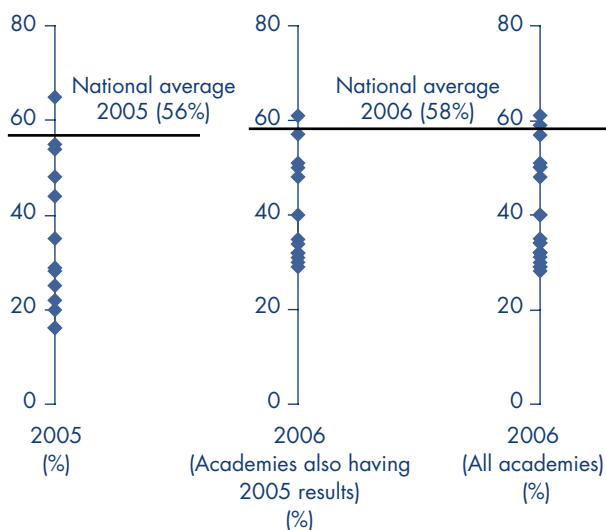
Source: National Audit Office analysis of data from the Department

NOTE

Results for academies are based on the 13 academies with results in 2005 and 2006 and the 20 academies with results in 2006 (Figure 21).

8   Improvement in GCSE results at academies and other schools between 2005 and 2006

Academies have achieved greater improvements in attainment of five GCSEs at A* to C than other schools.

	Percentage point change in pupils achieving five or more A* to C grades at GCSE	Percentage point change in pupils achieving five or more A* to C grades at GCSE including English and maths
Academies (13)	5.8	6.0
Excellence in Cities schools with a high percentage of pupils on free school meals	3.8	2.1
Fresh Start schools	3.6	1.3
All secondary schools	2.5	1.5

Source: National Audit Office analysis of data from the Department

NOTE

Results for academies are based on the 13 academies with results in both 2005 and 2006 (Figure 21).

11   Two, if a former city technology college is included.
12   Five, if former city technology colleges are included.

Academies' Key Stage 3 results in 2005 were comparable with Fresh Start schools

2.11 Our analysis of Key Stage 3 results for 2005 indicates that academy pupils gained broadly similar results on average to Fresh Start schools **(Figure 9)**.

2.12 There was a wide range of Key Stage 3 results among academies in 2005. No academies scored above the national average point score per pupil, and all were below the national average for pupils achieving level 5 or above in English, maths and science. Academies' provisional results for 2006 indicate that their performance has improved, but this is subject to confirmation in the 2006 Key Stage 3 School Achievement and Attainment Tables, which the Department plans to publish on 1 March 2007. Many academies will find it challenging to reach the target of matching the national average for Key Stage 3 results with four years of opening.

In 2006 academies did well on attainment adjusted for both pupils' prior attainment and circumstances

2.13 The Department has set a further attainment target for the Academies programme: that academies should add more value than schools in similar circumstances within two years of opening. Relatively sophisticated measures of attainment can be made by adjusting for both prior attainment and personal circumstances of pupils (the 'contextual value added' measure). **Figure 10 overleaf** shows that academies did very well by reference to these measures in 2006. The value added by academies was substantially better than other schools.

> We put in place a curriculum that was tailored to them, that gave them opportunities for success, and gave them an ethos that said, 'You are important, you are valued, you're not a failure and you are going to succeed.' I think that speaks for itself.
>
> *Academy principal*

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9   Key Stage 3 results of academies and other schools, 2005

Academies' Key Stage 3 results in 2005 were comparable with Fresh Start schools.

	Average point score per eligible pupil	Pupils achieving level 5 or above in English (%)	Pupils achieving level 5 or above in maths (%)	Pupils achieving level 5 or above in science (%)
Academies (12)	30.0	52	53	42
Excellence in Cities schools with a high percentage of pupils on free school meals	31.7	62	61	54
Fresh Start schools	29.9	47	51	43
All secondary schools	34.7	75	75	71

Source: National Audit Office analysis of data from the Department

NOTE

Results for academies are based on the 12 academies with results in 2005 (Figure 21). The 2006 Key Stage 3 School Achievement and Attainment Tables are planned to be published on 1 March 2007.

10	Contextual value added measures for academies and other schools, 2006[1]

Academies' results are better than all schools after taking into account both prior attainment and circumstances of their pupils.

	Contextual value added between Key Stages 2–4	Contextual value added between Key Stages 3–4
Academies (20)	1018.2	1014.6
Excellence in Cities schools with a high percentage of pupils on free school meals	1002.0	1003.6
Fresh Start schools	989.6	993.06
All secondary schools	1000.5	1000.7

Source: National Audit Office analysis of data from the Department

NOTE

1 'Contextual value added' measures the change in attainment, and also adjusts for factors such as gender, ethnicity and Special Educational Needs. Measures above 1000 represent schools where pupils made more progress on average, while measures below 1000 represent schools where pupils made less progress. Results for academies are based on the 20 academies with results in 2006 (Figure 21).

11	Total absence from academies and other schools, 2004-05 and 2005-06

Absence rates at academies are high but improving faster than other schools.

	Total absence 2005-06 (Percentage of half-days missed)	Change in total absence 2004-05 to 2005-06 (percentage points)
Academies (22)	9.24	– 0.76
Excellence in Cities schools with a high percentage of pupils on free school meals	9.29	– 0.04
Fresh Start schools	10.98	– 0.32
All secondary schools	7.91	0.08

Source: National Audit Office analysis of provisional data from the Department

NOTE

Absence rates for 2005-06 academies include 22 academies. Change in total absence includes the 16 academies open in both years that are not former City Technology Colleges (Figure 21).

Academies are improving pupil attendance

2.14 Pupils at academies tend to have higher rates of absence from school compared with pupils at all secondary schools. One of the programme's objectives is to increase attendance by reducing authorised and unauthorised absences compared to similar schools, within two years of opening.

2.15 In 2005-06 academies had, on average, better pupil attendance than similar schools. They also achieved a substantial reduction in absence compared with the previous school year, contrasting with a small rise in absence nationally **(Figure 11)**. Our report in 2005 on improving school attendance[13] highlighted the link between improved attendance and pupils' attainment, which is likely to reflect both the increase in time pupils spend learning and a quality of teaching and curriculum that encourages them to attend school more regularly. It is likely that the rising attendance in academies and improvements in attainment are connected.

Academies' sixth forms have not performed well so far

2.16 One of the objectives of the Academies programme is to increase the proportion of pupils who stay in education beyond the age of 16.[14] Most academies like to have a sixth form because they consider that the presence of a sixth form can raise pupils' aspirations to stay in education beyond 16. Having a sixth form can also help to attract and retain high quality teaching staff. 42 of the first 46 academies will have a sixth form. However, with the range and size of challenges they face, academies tend not to focus on sixth-form provision in the first years. The majority of academies have very small sixth forms: in 2006, only 437 students took advanced level examinations, an average of 34 students in the then 13 academy sixth forms.

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13   *Improving school attendance in England*, HC 212, Session 2004-05, February 2005.
14   This objective can be measured by the percentage of academy pupils beyond the age of 16 who are in 'Full Time Education', 'Employment and Training', or 'Not in Education, Employment or Training'.

2.17 The opening of new sixth forms within an area has proved one of the more controversial aspects of the Academies programme. The size of a sixth form has been shown to be linked with the performance of its students – larger providers of 16-19 education can make available a wide curriculum choice and arrange class groups of an optimum size.[15] Some existing providers can therefore feel threatened where a new sixth form opens locally because of the risk to their student numbers and the cost-effectiveness of courses. Recognising these concerns, the Department aims to consult with the Learning and Skills Council about the need for each new academy sixth form. However, for the 12 cases for which we have records, there were only four where the Learning and Skills Council believed it had been consulted before the academy opened a sixth form, and in two of the four, a sixth form went ahead without the Council's formal support. However, the lack of consultation in eight cases involved academy projects pre-dating the consultation arrangements. The Learning and Skills Council and the Department now have a protocol in place to make sure consultation is carried out on all academy projects.

2.18 Academy performance at advanced level has been poor so far, and the Department acknowledges the need for improvement. In 2006, the average point score of pupils in the 13 academy sixth forms was 541, well below the national average of 722 points.[16] Results at academies so far are likely to reflect:

- the poor legacy of standards of education of the predecessor schools;

- the small size of most academy sixth forms; and

- a lack of emphasis on sixth forms in the first years of most academies, instead focusing on attainment up to age 16.

2.19 During 2006, the Department responded to the need to improve sixth-form performance in academies by discussing performance with Ofsted inspectors and academy principals, running training courses through the Specialist Schools and Academies Trust, and through closer scrutiny of sixth-form proposals.

The results of most Ofsted inspections of academies have been encouraging

2.20 Ofsted has closely scrutinised the performance of academies. It visits all academies before opening in connection with their registration as independent schools, and normally carries out a monitoring visit during the first two years which results in a letter reporting the findings. The first full inspections take place within three years of opening.

2.21 By October 2006, 11 academies had received a full Ofsted inspection under the current inspection framework. Ofsted judges the overall effectiveness of a school, taking into account four inspection themes. For each theme, schools are judged on a four-point scale from 'Inadequate' to 'Outstanding'. Ofsted has judged almost all academies to be at least satisfactory **(Figure 12 overleaf)**. Academies have been shown to have strong leadership and management, with 10 out of 11 academies inspected (91 per cent) rated as good or better in raising achievement and supporting all learners, compared with 57 per cent of all secondary schools inspected.[17] (Caution is required in making comparisons with all inspected schools because the numbers of academies inspected so far is very small). Academies have scored very well on the effectiveness of their governing bodies: 10 out of 11 academies inspected (91 per cent) were rated as good or better compared with 62 per cent of all secondary schools. Less positively, Ofsted found pupil behaviour to be good in 70 per cent of secondary schools compared with only six out of 11 academies (55 per cent).[18]

2.22 Of the eleven academies inspected so far, four (36 per cent) were judged to have good or outstanding teaching and learning. The equivalent proportion across all secondary schools was 51 per cent. Academies often inherit poor standards of teaching and learning from poorly performing predecessor schools, which may have become distracted by serious difficulties, for example with pupil behaviour. We found that academies are focusing on improving the quality of teaching and learning, for example by developing their staff, tailoring the curriculum, usually to include more vocational courses, and by making effective use of Information and Communications Technology.

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15   Analysis done by the Department in response to a written parliamentary question shows that for the period 2003-2005, sixth forms with a larger number of pupils consistently scored higher on average than smaller sixth forms (http://www.theyworkforyou.com/wrans/?id=2006-02-06b.47826.h&s).

16   A-level scores are as follows: A is 270 points, B is 240 points and so on down to E which is 150 points. A range of other advanced qualifications also score points. For more explanation, see http://www.dfes.gov.uk/performancetables/16to18_06/d2.shtml.

17   Percentages for all inspected secondary schools taken from Ofsted and from *The Annual Report of Her Majesty's Chief Inspector of Schools 2005-06,* Ofsted, 2006.

18   Data supplied by Ofsted relating to Section 5 inspections in 2005-06 of 1,014 secondary schools and 11 academies.

12 Ofsted inspection judgments for 11 academies[1]

Ofsted has judged most academies inspected so far to be either satisfactory or good.

Inspection themes	Outstanding	Good	Satisfactory	Inadequate
Overall effectiveness	1	3	6	1
Achievement and standards	1	4	6	0
Personal development and wellbeing	3	5	3	0
Teaching and learning	1	3	6	1
Leadership and management	2	8	1	0

Source: National Audit Office analysis of data from Ofsted

NOTES

1 The 11 academies that have had 'Section 5' inspections are shown at Figure 21.

2 In addition, Unity and Greig were inspected under the previous inspection framework. Unity was 'failing to give its pupils an acceptable standard of education', and was put into Special Measures. Greig was found to be 'improving rapidly'. These inspection judgments are not directly comparable with the later inspections.

3 These inspection grades reflect the grades for secondary provision, not sixth forms.

2.23 Two academy inspections have shown serious problems. Both academies opened in the first cohort of (three) academies and some of their problems are likely to have been linked to their being the first academies to be established:

■ at Unity City Academy in March 2005, Ofsted found unsatisfactory leadership, poor quality of teaching, low pupil attendance and a substantial financial deficit and put the academy into the most serious category, Special Measures; and

■ at the Business Academy, Bexley, in November 2005, Ofsted found a need for improvement in the quality of teaching and learning and in the effectiveness of the sixth form, and it issued a Notice to Improve.

The improving performance of academies is partly due to support from the Department

2.24 The predecessor schools of the first three academies did not perform well in the run-up to becoming academies. The Department identified a number of lessons learned from the first academies, and has tried to apply these lessons to later academies, including the recruitment of a principal up to a year before an academy opens. **Figure 13** shows other lessons learned by the Department.

2.25 The Department monitors the performance of predecessor schools and academies. Educational advisors from the Department make termly visits to open academies to provide support and advice on improving performance. During our case study visits, most academy principals were very positive about the quality of the educational advisors and the support they gave to the academy. The improved support for predecessor schools has also helped subsequent academies to get off to a better start.

2.26 The Department has carried out larger scale interventions when an academy needs it. When Unity City Academy was placed in Special Measures, the Department responded by bringing in a Chief Executive, a Director of Education, and an Executive Principal, all experienced in school improvement, to lead the intervention. The intervention team is focusing on improving the basics, such as teaching and learning, and pupil behaviour. A recent monitoring visit by Ofsted found that good progress had been made in improving pupils' behaviour, attitudes, attendance and punctuality and that satisfactory progress had been made in improving the quality of teaching. Although progress was inadequate overall since the academy entered Special Measures, Ofsted found that its rate of improvement had accelerated rapidly in recent months. The Department has also carried out two other interventions to date at Greig City Academy and West London Academy, both of which have been successful.

13	Lessons learned by the Department from the first academies

The Department has learned lessons in areas like teaching and learning and leadership and management.

Teaching and learning

- Focus on the basics
- Prepare an induction programme for staff and students
- Engage staff fully in rethinking learning
- Prioritise learning ruthlessly
- Engage the students fully

Leadership and management

- Provide early support for sponsors
- Appoint a principal to take up post at least a year before the academy opens
- Have a systematic approach to innovation
- Build a shared vision
- Maintain high morale; give the school community a sense that they are 'making a difference'

Relationships and structures

- Establish effective relationships between the predecessor school and leaders of the academy preparations
- Build partnerships and alliances to allow the academy to build capacity quickly
- Create effective teams and organisational structures quickly and efficiently

Source: The Department

2.27 The Specialist Schools and Academies Trust, partly funded by the Department, expanded its remit to include academies from September 2005. The Trust coordinates support on school improvement, supports sponsors from academy feasibility to implementation and engages with academy principals. The Trust has a number of personalised and practical programmes in place to support academies, including the Academy Leadership Induction Programme and the Academy Support Programme. The Trust has assessed the quality of the support it gives to academies: all academy principals surveyed considered that the level of service received and the expertise of the staff at the Trust was excellent or good.

Academies do not appear to impact unfairly on the performance of neighbouring schools

2.28 Despite perceptions among some neighbouring schools, academy admissions arrangements appear to be in line with the statutory School Admissions Code of Practice. Some academies select up to 10 per cent of pupils on aptitude for the academy's chosen specialism, as can the majority of schools (i.e. the 80 per cent of all secondary schools that are specialist schools – excluding certain types of specialism).[19] Where they are oversubscribed, some academies measure distance from home to school and others use 'fair banding' procedures.[20] A report by the National Foundation for Educational Research found that academies, on average, admit higher proportions of pupils eligible for free school meals, with special educational needs, and with lower attainment at Key Stage 2 than are present in their immediate vicinity.[21]

2.29 Neighbouring schools will inevitably feel some effects from a new academy:

- predecessor schools were often schools to which many parents were reluctant to send their children, and where teachers were reluctant to work. Predecessor school intake may start to change before it becomes an academy. Academies, with their improved performance and impressive new buildings, can provide much more competition for other schools in attracting new pupils and staff; and,

- academies that are full are unlikely to be able to admit many pupils excluded by other schools, whereas the predecessor schools, often with many empty places, would have done so.

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19 Specialist schools can only select pupils if their specialism is one of: modern foreign languages; the performing arts; the visual arts; physical education or sport; design and technology and information technology.

20 Priority is given to particular applicants such as children with a statement of special educational needs, 'looked after' children (children for whom the local authority has some or all caring responsibilities) and those with a sibling already at the school. After that, academies either use a measurement of distance or use ability tests to select children in each ability band.

21 *Admissions: who goes where? Messages from the statistics*, Local Government Association Research Report 4/06, T. Chamberlain, S. Rutt, and F. Fletcher-Campbell, National Foundation for Educational Research, 2006. The study used data from the Pupil Level Annual School Census (PLASC) 2005 for the first 17 academies.

2.30 Permanent exclusions in 2005 were higher at academies than most schools in similar circumstances and other secondary schools. The proportion of permanent exclusions in academies was 0.61 per cent of pupils, compared to 0.16 per cent in all schools.[22] A higher level of exclusions may reflect a new behaviour policy following the opening of an academy; our earlier report showed that most headteachers of improved schools considered that implementing a clear, consistently enforced behaviour policy contributed to improving performance.[23] It would, however, be expected that the rate of permanent exclusions should decline once the behaviour policy takes effect.

2.31 The Academies programme aims to raise standards and aspirations outside academies: one of the programme targets is to improve the performance of neighbouring schools within four years of opening. Currently there is little collaboration between academies and neighbouring schools as many academies are focusing on improving their own performance before devoting more time to developing links with other schools. Our survey of neighbouring schools asked about collaboration between these schools and academies. **Figure 14** shows the responses for the 2005-06 academic year; fewer than half of neighbouring schools reported that they had had meetings with senior managers from their local academy, and no neighbouring schools reported that they had used the sports facilities of the academy.

2.32 Many academies acknowledge that relationships with neighbouring secondary schools can be challenging. Some academies consider that relationships are strained, but overall academies consider that relationships are improving. Some academies have agreements with neighbouring secondary schools and colleges over admissions, while others are involved with local initiatives. We found that academies were generally developing good relationships with primary feeder schools.

Open academies are popular with parents and staff

2.33 Open academies are popular with parents. By contrast, some proposed academies have received opposition from staff, parents or local residents. Of the 27 academies open in 2005, all filled their places for 2006, with the majority of academies heavily oversubscribed. In 2006 there were, on average, three applications to one academy place. Parent popularity stems from a number of factors. According to the 2006 PricewaterhouseCoopers survey, 75 per cent of parents considered that the academy's new buildings and facilities played an important part in their decision to send their children there.[24] On average, 79 per cent of parents were satisfied with the standard of education at the academy.

14 Collaboration between academies and neighbouring schools

Collaboration between academies and neighbouring schools has so far been limited.

Percentage of schools responding positively
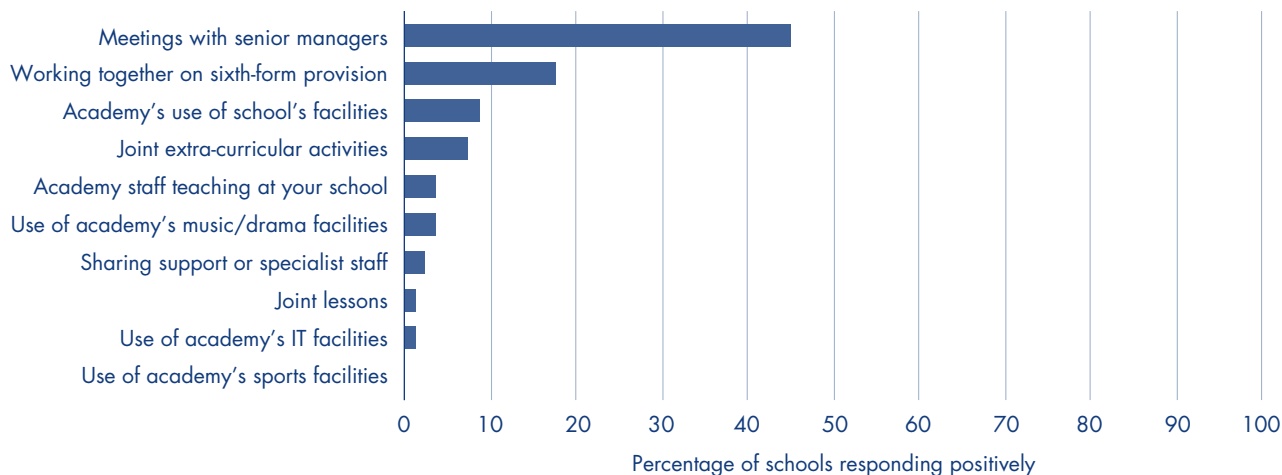
Source: National Audit Office survey of neighbouring schools, July 2006

22   The Department assesses the reliability of each school's exclusions data, and we have used only data marked 'marginal' or 'okay'. Academies report their own exclusions data. Analysis is based on 16 academies.
23   *Improving poorly performing schools in England*, HC 679, Session 2005-06, January 2006.
24   The PricewaterhouseCoopers survey is carried out each year as part of its five-year evaluation of the programme, commissioned by the Department.

2.34 Some academies have found it difficult to get parents involved in the day-to-day affairs of the academy, and to get someone to act as the parent representative on the governing body. Our previous report showed that parents and the local community have an important role in helping poorly performing schools recover and improve.[25] Academies acknowledge that more needs to be done to engage parents, though some academies report that events such as parents' days and evenings are very well attended.

2.35 Teachers in academies are generally positive about their experiences: they consider that the quality of academy buildings and resources has generally supported their teaching. Some identified challenges with aspects of the environment such as poor acoustics, lighting and unreliable technology. Some teachers considered that more could be done to support staff, especially Newly Qualified Teachers, though there was a widespread view that working in an academy provided opportunities to take on new roles and responsibilities. Some academies have, however, found it hard to retain staff where they have recruited and trained good teachers who have then been in a position to leave to take up higher level posts in other schools.

> "All the staff here, they've come here and they want it to be a success for all the right reasons because it is in a deprived area and because the obvious stereotype expectation is that these kids will fail and will behave badly".
>
> *Academy teacher*

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25   *Improving poorly performing schools in England*, HC 679, Session 2005-06, January 2006.

PART THREE

Quality of programme and project management

3.1 This part of the report covers:

- the Department's management of the Academies programme;

- quality of the new academy buildings;

- cost of the buildings, and contributions made by sponsors;

- the Department's funding of academies' running costs; and

- how VAT regulations affect community use of academy facilities.

Programme management has been demanding

3.2 The Department oversees around 200 major projects with the following main aims:

- to monitor and support opened academies in continuously improving their performance;

- to secure delivery of high quality buildings to cost and time; and

- to develop sufficient good quality proposals for future academies.

3.3 Because of its hands-on involvement in the programme, this role has required the Department to increase substantially its own expertise in project management, construction management and school improvement advice. By January 2007, its Academies Group had increased to 78 staff plus 19 consultants. Its Schools Capital Division has made substantial use of consultant professionals in construction, and the Department has set up framework contracts for consultancy support on individual academy projects. **Figure 15** shows the relationship between the various people involved in the management of the programme and projects.

3.4 The Department directly employs *project leads* who, together with an assistant, oversee between five and eight projects each. They are responsible for the liaison and co-ordination needed for key events, such as any request for additional capital funding or plans for changes in the leadership of the academy. The detailed project management of academy buildings and set up is contracted to external *project managers* and *construction project managers*. They are responsible for the day-to-day progress of the project and matters such as cost control, and are expected to report major issues and milestones to the Department's project leads.

3.5 During our visits to opened academies, we received a number of positive comments from principals and other staff on the support they received through project leads, such as on education policies and practices. At times project leads have, however, had challenging workloads because they have to manage expectations among the wide range of people involved in developing an academy. Some academy principals considered that their projects suffered from a lack of continuity in the project lead – of six projects we tracked, three projects had one project lead throughout, two projects had had two leads, and one project had had three. In 2005 the Department introduced more systematic work allocation to help balance the workload of project leads and has sought to improve continuity by better matching of the skills and attributes of project leads to those required for particular projects.

3.6 Academy principals and the Department's own staff views on project managers have been varied. While some project management has been good, we received a number of negative comments about the quality of some project managers and saw formal feedback given by the Department to some managers. Concerns were raised about some project managers' poor control of costs and their failure, at times, to notify the Department in good time about cost overruns, and there had been communication difficulties between the Department and some academies during construction. There had been a

problem with project managers needing to understand construction issues and educational aspects, and some had enough knowledge and experience of one side but not the other. Some principals considered that project managers' fees were too high.

> "The project managers were good on the educational side and not quite as impressive on the building side and eventually someone was drafted in by the Department to manage the final stages of the process."
>
> *Academy principal*

3.7 The Department took these views into account in re-tendering its framework contracts in 2004. Previously there was no performance monitoring system for project managers, and there was a risk that poor performers could gain new appointments with other academies. In 2005 the Department set up a system to assess project managers' performance, and any specific issues are raised at monthly meetings. In 2006, project management costs ranged from £470,000 to £900,000.[26] The Department re-tendered the

framework contracts again in 2006. The new framework starts in April 2007 and will look to further strengthen performance management arrangements by:

- using performance indicators to evaluate the performance of project managers;

- providing regular feedback on performance to project management companies; and

- sharing any lessons learnt.

3.8 The first few months following the opening of an academy building tends to run most smoothly where a key person who assisted with running the project is still part of the academy's management team. Otherwise there is a risk that the principal or a senior teacher will have to spend excessive time with contractors on 'snagging' (paragraph 3.17) when they need to focus on the education of pupils and development of staff. Also during this period, we noted that there is no routine post-occupation review of the academy building, which is standard good practice for major capital projects.

15 Relationship between those involved in the management of the Academies programme and individual academy projects
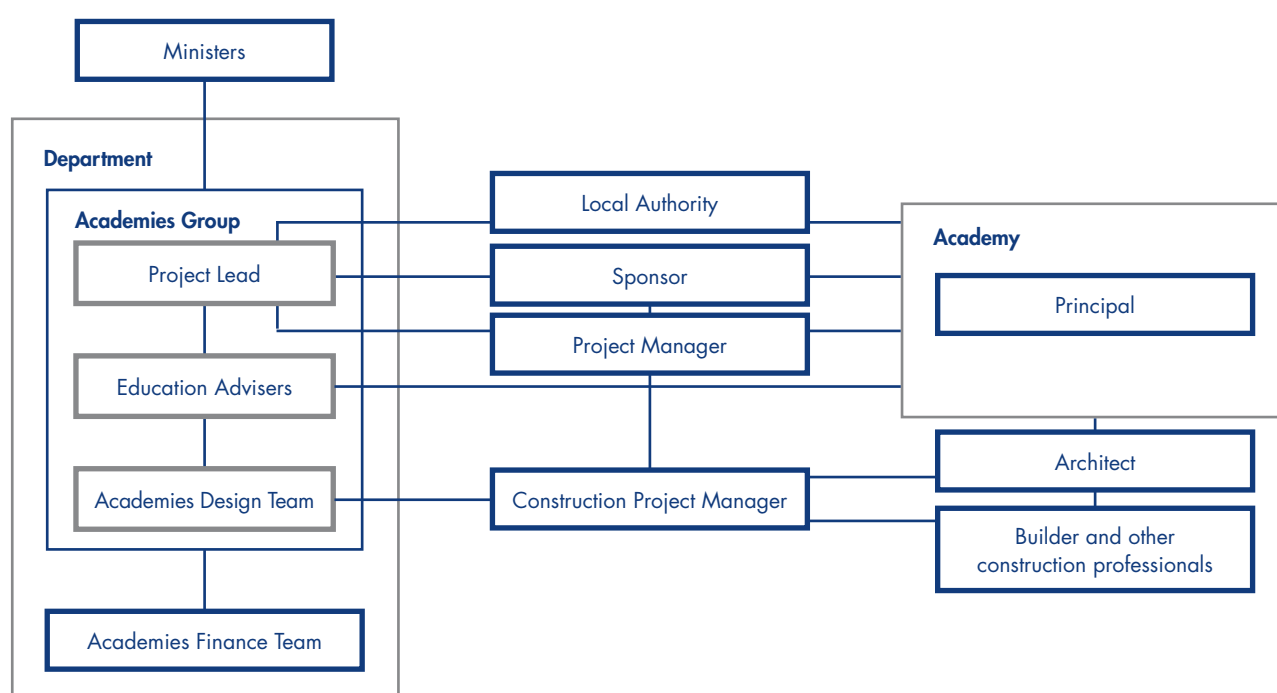
Source: National Audit Office

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26   These costs cover the feasibility and implementation stages of an academy project. In a number of cases actual fees varied from the framework cost.

Academies are now part of a wider programme to improve secondary school buildings

3.9 Schools can be very effective even if their buildings are below standard. However, research has found a statistically significant relationship between capital investment and the performance of pupils, particularly for community primary schools and for investment that makes school buildings more suitable for teaching.[27] Through its capital programmes, the Department is also seeking to provide modern learning environments that, for example, integrate Information and Communications Technology into the building design. This thinking underpins both the Academies programme and the Building Schools for the Future programme, which aims to renew all secondary schools over a 15 year period.

3.10 The Department aims to provide each academy with an excellent environment for teaching and learning that is comparable with the best in the maintained schools sector. It also expects academy buildings to be innovative in design and built to high construction and environmental standards. Having very limited previous experience of delivering school buildings, a major and challenging part of the Department's responsibility for the Academies programme involves oversight of the design and construction of school buildings.[28]

Most academy buildings score relatively well on functionality, build quality and impact

3.11 By September 2005, 19 academies had moved into their new or remodelled buildings. Most academy principals are pleased with their buildings, which they consider contribute to improved pupil learning and standards of behaviour. PricewaterhouseCoopers' 2006 survey found that 77 per cent of pupils considered that their academy had modern, clean buildings and 81 per cent of staff considered that their working environment was pleasant.[29] However, some staff considered that while they were consulted about building design, their views were not taken into account.

3.12 The quality of academy buildings had not been evaluated, so we engaged the Commission for Architecture and the Built Environment (the Commission) and its school 'enablers'[30] to assess the quality of 12 of the academies' buildings. The Commission used a tool based on the Design Quality Indicator for Schools, which in its full version is to be used to measure the quality of all schools in the Building Schools for the Future programme. The Indicator is a qualitative not a 'scientific' method of assessing building quality. It covers three main aspects of a school building:

- build quality – the performance of the fabric of a building;

- functionality – its design's usefulness to the school; and

- impact – its ability to create a sense of place and have a positive effect on the users of the school.

Figure 16 shows that most of the 12 academies' buildings scored higher than 60 per cent in all three aspects.[31] **Figure 17** highlights some of the most positive aspects and areas where there is room for improvement in some academies. More detailed analysis of the results is at Appendix 3.

3.13 The uniqueness of some academy buildings means that assessing their functionality and impact is especially challenging. As well as assessing each academy's current 'fitness for purpose', the assessments also take account of future sustainability and adaptability, should the academy decide in future to change its educational ethos or approach to teaching and learning. For this reason, an academy building that matches its current way of delivering education can receive a lower functionality rating than might be expected if the assessment were solely based on current suitability.

> "Staff will always say they haven't got enough storage room etc, but overall we really do have a splendid building and it is a living example of what we are all about – sustainability and care for the environment, our school has all those features."
>
> *Academy principal*

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27   *Building better performance: an empirical assessment of the learning and other impacts of schools capital investment*, PricewaterhouseCoopers / Department for Education and Skills, 2003.
28   Under the Building Schools for the Future programme, schools and future academies are being procured by Partnerships for Schools, and the Department's role will be reduced.
29   Of the 25 academies surveyed, 19 were in new buildings.
30   Enablers are leading professionals employed to offer expert advice on school scheme proposals.
31   A score of 60 per cent equates to a building that on average has a positive assessment for each aspect.

16 The functionality, build quality and impact of 12 academy buildings

Most of the academies we visited scored higher than 60 per cent on each aspect of their buildings.

Quality score (per cent)

Source: Commission for Architecture and the Built Environment

NOTE

For each indicator, the enabler rated the academy on a scale ranging from 'strongly agree' to 'strongly disagree'. An overall rating of 80 per cent would contain a high proportion of 'strongly agree' ratings.

17 The top five common strengths and areas for improvement in some academy buildings

Areas of strength

Buildings give good and safe access to all users, including disabled users.

The internal structures are flexible, allowing for change of use.

Information and Communications Technology is well integrated with the buildings, and is easily accessible throughout.

Classrooms receive good natural light and artificial light, where needed, is sufficient.

There is efficient use of energy and water, and heating requirements are minimised.

Areas for improvement

The school grounds should be safe and stimulating, providing for the curriculum needs of all pupils and the wider school community.

The buildings should be extendable so that the school can expand where needed.

The buildings' engineering systems should work well and be easy to operate.

Classrooms, dining rooms and staff spaces should be of sufficient size.

Buildings should have good acoustics that emphasise the required sounds and dampen unwanted noise.

Source: National Audit Office, Commission for Architecture and the Built Environment

NOTE

The 'areas for improvement' are aspects where quality could be improved in some academy buildings, but they do not signify weaknesses in the buildings more generally. Appendix 3 provides a summary of design quality assessment findings.

3.14 The Department and two of the 12 academies raised questions about the outcome of some of the assessments. Walsall Academy and Trinity Academy both consider that the Indicator undervalues their buildings. Walsall Academy was designed to deliver a curriculum model involving two blocks of teaching a day (and a further block for after school activities for pupils who attend). The model is highly valued by the sponsors and Principal of Walsall Academy, whose pupils have relatively high attainment: in 2006, 57 per cent of pupils at Walsall Academy achieved five GCSEs grade A* to C, only one percentage point below the national average. Walsall Academy was also one of the least expensive academy buildings (Appendix 4). Similarly, the design of Trinity Academy reflected the experiences of the sponsors at the Emmanuel City Technology College, a successful school also run by the Emmanuel Schools Foundation.

3.15 Greig City Academy, in Haringey, and Unity City Academy, in Middlesbrough, gained notably lower scores than the other 10 academy buildings. They were two of the first three academies to open (in September 2002), and were therefore built before there were any other academy projects from which to learn. In addition, the site at Greig was remodelled and only partially rebuilt, so Greig is not strictly comparable with the others.

3.16 We compared the scores for these 12 academies with the results of equivalent evaluations of 46 other new secondary schools built between January 2000 and September 2005. **Figure 18** shows that the scores for 10 of the academies were well above the average score for all 58 buildings. In its evaluation of the other 46 schools' buildings, the Commission had concluded that there had often been insufficient emphasis on quality.[32] In comparison, many of the academy buildings are designed in a way that should fulfil the educational vision of the academy. In particular, their architects have benefited from having adequate time to develop their design in close consultation with sponsors and users.

3.17 Snagging issues that remain in completed buildings have not been taken account of in our design quality scores. Nevertheless snags can be a problem for academies if not resolved quickly. For example, the Academy of St Francis of Assisi is a very high quality building but slow progress was being made at the time of our visits in resolving snags such as the wrong types of sinks in food technology rooms, resulting in disappointment and inconvenience for some teachers and pupils.

3.18 The Department has provided, by September 2006, additional capital funding of £1.4 million for buildings that had been opened but which were unsuitable in some way:

- The Business Academy, Bexley – £0.8 million towards the costs of renewing the Information and Communications Technology network, because the current system does not work properly, and building a playground for secondary pupils;

- Capital City Academy – £0.4 million for enlarging the library and building four new classrooms because the design did not provide enough teaching or study space; and

- Mossbourne Community Academy – £0.2 million towards the costs of enlarging classrooms and the dining room which are too small.

3.19 In addition, the Department has agreed to provide additional funding of £15.3 million for major changes to buildings at five academies:

- Unity City Academy – the Academy's approach to tackling its educational problems includes changing its specialism from Information and Communications Technology to applied enterprise. The change requires a new teaching block which, together with other works on the main building, will cost £6 million;

- Greig City Academy – the remodelling of the site did not include some buildings, and the Department will fund a £1.5 million refurbishment of the 30-year old design and technology block and kitchens;

- Djanogly City Academy Nottingham – the original project only covered the cost of building a replacement for the predecessor school which was combined with Djanogly City Technology College to form the Academy. The Department will fund a £1.7 million remodelling of the retained buildings;

- Manchester Academy – an additional £4.5 million for accommodation for a sixth form which opened in September 2005; and

- Salford Academy – an additional £1.6 million for accommodation for a sixth form for 200 pupils.

Academies have cost more to build than other schools

3.20 To arrive at an agreed capital cash limit for each academy, the Department has funded feasibility studies for each academy project, informed by benchmark costs with adjustments to reflect local circumstances. Early in the programme, the Department had to estimate acceptable cost levels because benchmarks were not available owing to the previously low level of investment in school buildings, and the fact that school building projects were managed at local authority, not national, level.

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32   *Assessing secondary school design quality,* Commission for Architecture and the Built Environment, 2006.

18 The design quality of academies and other new schools

Nearly all the academies scored better than the average for all new secondary schools that had been evaluated.
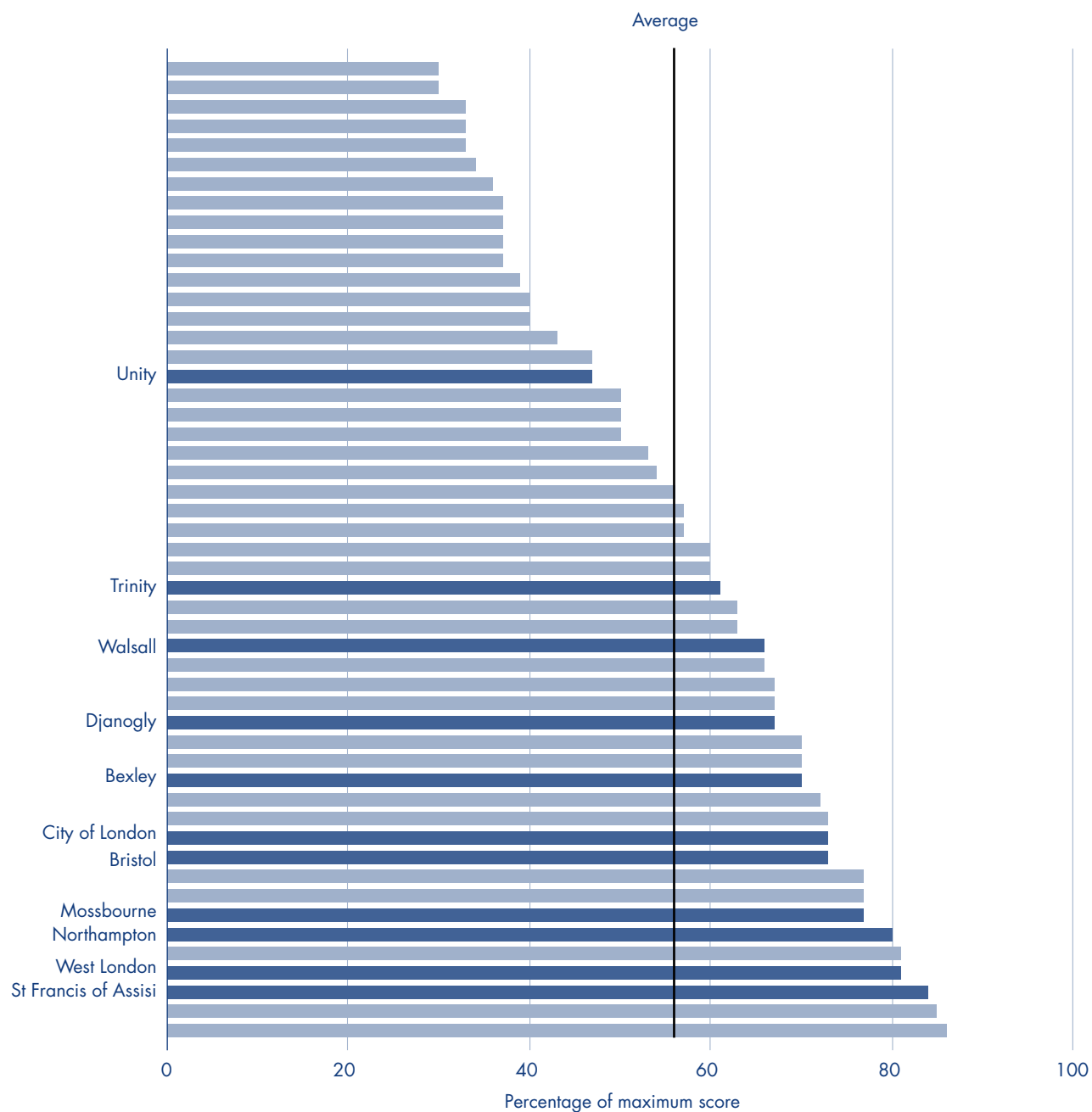
Source: Commission for Architecture and the Built Environment

NOTE

Greig City Academy is not shown because, unlike all the other schools in the analysis, it was a remodelling rather than a new build. Its score would place it among the below average quality buildings.

3.21 For its guidance for all new schools, in April 2003 the Department used its cost research to produce benchmarks for cost and area per pupil. The cost benchmark could be adjusted for inflation and location. The Department uplifted the area benchmark by 10 per cent to give more space to pupils. In addition, academies were given a 5 per cent uplift to give them sufficient space and facilities for delivering their specialist subjects, which was worth substantially more than the £100,000 additional capital funding that the Department granted to other schools that became specialist schools.

3.22 From 2004, the Department developed new benchmarks for its Building Schools for the Future programme, which it has applied to new academy projects. These benchmarks, which are guidelines for all new school buildings, provide for a further increase in area per pupil and more funds for Information and Communications Technology, fixtures, furniture and other equipment.

3.23 In 2005, the Department carried out an examination of the construction costs of 11 newly built secondary schools in order to establish new cost benchmarks. Based on these revised benchmarks, new secondary schools typically cost between £20 million and £22 million. The capital costs of academies are not directly comparable with these schools. Academies have tended to be more expensive because of a number of factors, including larger than average school size, wider age range of pupils, more expensive locations and site constraints, including high development costs or environmental factors.

3.24 Using the latest cost information available, we examined the total capital costs of the first 26 academies, including current estimates where building projects are not yet completed. Appendix 4 shows that the cost of academies ranges widely, from £6.5 million (a remodelling) to £40.4 million, with an average of £24.0 million. There is some variation in the area allowed per pupil – from 8.2 to 9.2 square metres with an average of 8.6 square metres – and the cost per square metre has varied widely, but to a lesser extent than total costs – from £1,600 to £3,800 with an average of £2,600.[33]

3.25 There are many reasons for the cost differences between academies, but one major difference relates to whether the predecessor buildings were of sufficient standard to be retained. Most academies to date have been complete new buildings; Greig City Academy in Haringey, one of the least expensive, was a remodelling. The conversion of city technology colleges to academies has generally been at lower cost, because most of their existing buildings were no more than 15 years old.

3.26 The difference in capital costs for academies built in different parts of the country can be up to 50 per cent. The most expensive academies are in inner London, where building costs are high. The limited availability of suitable sites can also lead to academies taking on sites with particular difficulties. For example, building on a constrained inner-city site can require use of temporary accommodation for a prolonged period – Haberdashers' Aske's Knights Academy in Lewisham has been the most expensive academy so far, partly because it had to rent temporary accommodation for two years at a cost of over £5 million. Other problems that have arisen included the need to remove asbestos from existing buildings or Japanese knotweed[34] from the site.

3.27 The costs in Appendix 4 are actual costs, so some of the cost difference in later academies relates to construction cost inflation over the period. Budgets for the more recent academies were calculated using the higher benchmarks (paragraph 3.22).

3.28 Particularly in the earlier projects, cost control was not sufficiently robust, with the Department only becoming aware of some cost overruns after it was too late to rectify them.[35] Some of the first academy projects did not have a specialist construction project manager; this role is now mandatory and the person reports to the Department. For the first 26 academies, **Figure 19** shows the final costs (or latest estimates), split between the benchmarked building cost, additional specific costs agreed at the outset (for overcoming site problems, for example) and cost increases occurring during the period of construction.

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33   Although St Paul's Academy opened in 2005, the contract for the construction of its new building had not been let by the end of 2006, so it is excluded from the analysis. Three former city technology colleges are excluded from the ranges of area per pupil and costs per square metre because they were mainly remodellings or refurbishments of existing buildings. The analysis also excludes the additional funding referred to in paragraphs 3.18 and 3.19.

34   Japanese knotweed is highly invasive and proscribed under the Wildlife and Countryside Act 1981, because if left uncontrolled it can spread throughout a site and it can damage buildings.

35   Some cost overruns resulted from unforeseen costs such as design changes during construction.

19 Breakdown of the final, or estimated final, capital costs of academies opened by September 2005

There has been wide variation in the capital costs of academies, with the lowest costs for refurbishments of existing buildings.

Original benchmarked building cost[1]

Original agreed additional costs[2]

Increase from original to expected total cost[3]
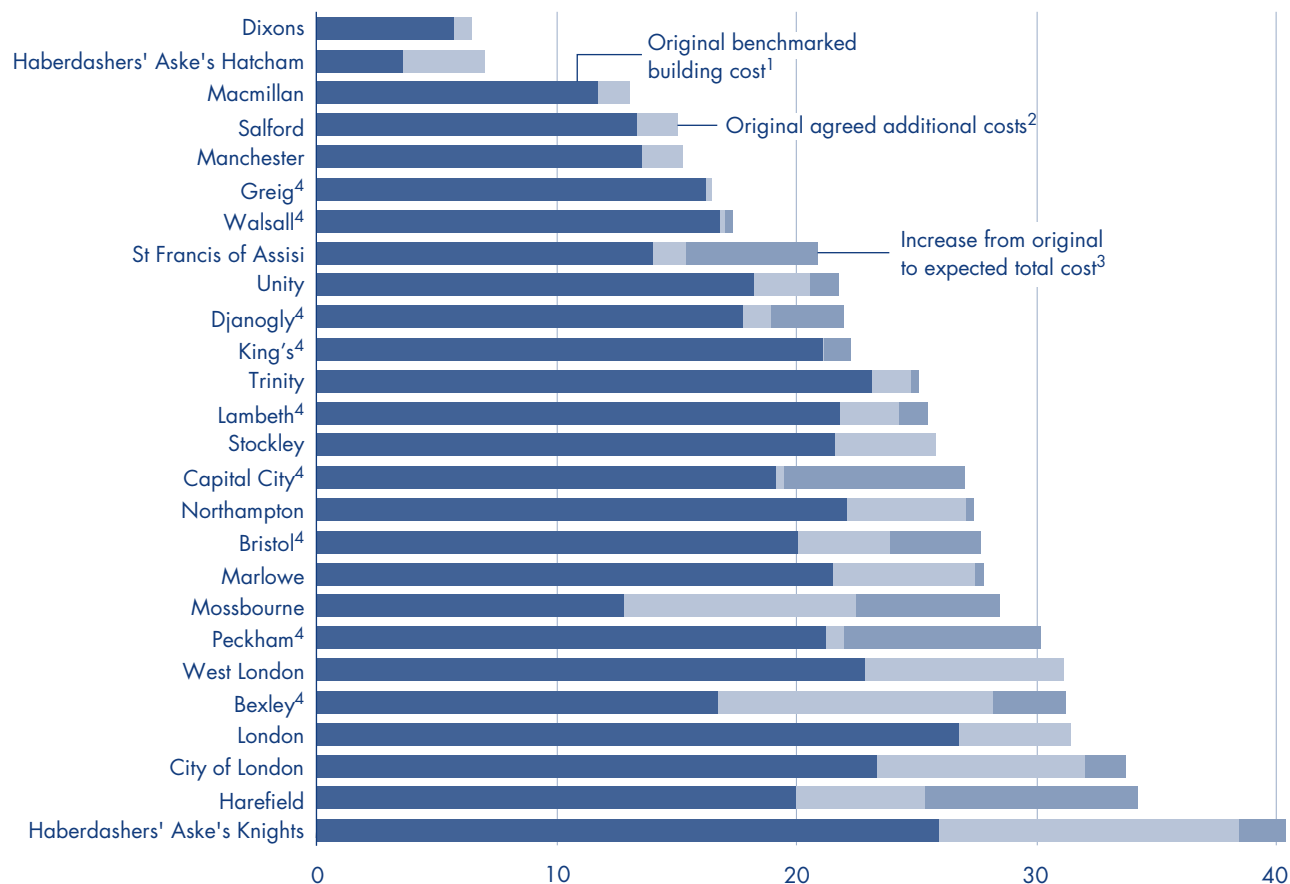
Source: National Audit Office analysis of data from the Department

NOTES

1 Budgets for construction, fees, ICT and fixtures, fittings and equipment are based on benchmarks and as per the academies' funding agreements.

2 Original agreed additional costs (for example, demolition and temporary accommodation costs) are set out in the funding agreements.

3 Expected cost overruns on the original capital cash limit in the funding agreements, incurred during construction.

4 For nine of these academies the Department was unable to confirm the breakdown between original benchmarked building cost and original agreed additional costs of the academy. The middle section of each bar therefore shows only those original agreed additional costs that we were able to identify separately.

3.29 Academies' benchmarked building costs have averaged £18.1 million. Original additional costs agreed at the outset have averaged £3.8 million, with a very wide range from around £100,000 to £12.5 million. At some academies, the Department agreed to the sponsor's request for more space, and allowed extra costs for that. We found very limited evidence during our review of the Department's files that the Department considered the value for money case for developing academies on particular sites, though the Department has occasionally stopped some projects at the feasibility stage because of cost concerns.

3.30 The Department has worked to keep the capital costs for each academy within the budget set at the outset. Nevertheless, 17 out of the first 26 academies, for which construction of new buildings had started (or contracts let), exceeded their budget. The average overrun for those 17 academies is £3.2 million. **Figure 20 overleaf** provides two major examples of these increases in cost in the academies we visited.

20   Increases in capital costs during construction

The Academy of St Francis of Assisi

The original capital cash limit for the Academy was £15.4 million. The Department agreed to increase this cash limit three times. A main cause of the cost increases arose when planning permission was overturned by a legal challenge relating to the site, requiring the Academy to alter the design to fit the reduced site and at a cost of over £1 million. In addition, issues arose with Japanese knotweed; site contamination; further design changes; and the cost of environmental features. Delays added to costs because the building was not ready for full occupation at the start of the school year. Although a 'value engineering' exercise brought down costs, the final costs exceeded the original capital cash limit by £5.5 million. The majority of these costs were for items both the Academy and the Department considered were beyond their control.

The Business Academy, Bexley

The cash limit was increased by £1.9 million when the benchmarks for Information and Communications Technology, fixtures, furniture and other equipment were increased. There was then a £0.6 million overspend on the initial contract price. Also, with insufficient security for the site in the original design, the Academy started to suffer from vandalism and had concerns about the safety of pupils. The Department agreed to an additional £700,000 for building a security fence around the site.

Source: National Audit Office analysis of information from the Department

Most sponsors have made an important contribution

3.31 The Department expects all sponsors to contribute to the programme by providing a vision that inspires and by improving the design, leadership and management of their academy. Most sponsors have been expected to donate 10 per cent of the building costs, up to a total of £2 million. Sponsors can join together to donate the required amount for an academy. The Department is to introduce new arrangements which will mean that sponsors' financial contributions will be available to support academies after they have opened, rather than for part of the initial capital costs.

3.32 We examined the sums that sponsors had committed to donate for the first 27 academies and whether they had paid their contributions by the agreed times. Sponsors' financial contributions for the 27 academies ranged from zero to £2.6 million, with an average of £1.8 million.[36] The sponsors of five academies have agreed to donate

more than £2 million each, with the extra funding most commonly donated to pay for additional building work that the Department was not prepared to fund.

3.33 Sponsors pay their contributions to the academy trust, so the Department does not hold precise information on whether sponsors have donated agreed amounts at the agreed times. The Department does request evidence that sponsors' donations have been used to defray capital costs. At September 2006, the sponsors of 21 academies were up to date with their contributions (and another academy received its balance of sponsorship funding in October 2006 and one received part of the contribution 'in kind'), while sponsorship of the other four academies was behind schedule (on average by around £200,000). Details are provided in Appendix 5.

3.34 We examined the non-financial contributions made by sponsors at the academies we visited. Principals considered that the best sponsors were closely involved in the academy, but without being intrusive. They found sponsors with experience of sponsoring other schools especially helpful. Many sponsors had made big contributions in three main areas:

- in the setting up of academies, establishing the vision and specialisation; some had paid particular attention to the building project and had pressed for design aspects outside normal standards;

- to the governance of the academy, by nominating high quality people within their sponsor's quota on the governing body. Some sponsors of multiple academies have set up federations, linking them in governance and other aspects such as shared services and procurement; and

- on curriculum and increasing the opportunities for pupils; some sponsors help to plan the curriculum and set targets, and a larger number offer opportunities for staff and students and the chance to build partnerships between the academy and businesses, and the arts and educational organisations.

"I was very impressed with the sponsor and his chief executive; I thought they had a real commitment to trying to invest in the young people …; it was about genuinely wanting to help young people in a deprived area and they have been wonderful to work with; very supportive, always there when the battles need to be fought but, equally, respect the fact that educational professionals are here and they just get on with the job."

Academy principal

36   Djanogly City Academy Nottingham is the only academy where a sponsor made no financial contribution. The Department agreed that the sponsor need not make a contribution because he had previously sponsored the predecessor school, a city technology college, which took over a poorly performing school in converting to academy status. The sponsor had donated £1 million when the college was set up and had later provided additional financial support to the college. The sponsor has since promised £200,000 to the Academy Trust towards the remodelling of the retained buildings.

3.35 Some commentators have criticised the influence that faith-based sponsors could have over the content of academies' curricula and the way that pupils are taught. Ofsted has previously undertaken a specific inquiry into such allegations relating to a city technology college.[37] In its 13 full inspections of academies by October 2006, Ofsted has not highlighted any problems with the teaching of inappropriate material.

3.36 The Department faces some risks in ensuring that sponsors continue to make effective contributions to their academies. The main risks are that:

■ an individual sponsor or corporate sponsor may be unable or unwilling to continue in their role, and the Department may need to find a replacement;

■ a sponsor may be ineffective in their role, for example by appointing the wrong people as governors or as school leader; and

■ the Department may need to challenge a sponsor where the sponsor is leading the academy in an inappropriate direction.

3.37 The Department has not so far had to deal with serious situations of this kind with sponsors. The Secretary of State may appoint sufficient governors to outvote the sponsor-appointed governors provided that the Secretary of State has previously issued a warning notice to the academy.[38] This provision has not yet been exercised, though at Unity City Academy the Department worked with sponsors to identify new governors to replace their existing governors. As the Academies programme expands, some of the other risks outlined above become more likely to occur. The Department is therefore considering what changes need to be made to academies' articles of association to allow a sponsor to be replaced.

Academies' ongoing funding is similar to that of equivalent schools

3.38 The Department aims to provide academies with funding for running costs that is equivalent to other maintained schools in similar circumstances in their local authority. Achieving equivalence requires the Department to make complex calculations each year with certain adjustments, for example to reflect a phased intake or VAT status. In addition, academies are funded to buy services that local authorities would normally provide to other schools free of charge, such as education welfare services.

We examined the Department's formula for calculating ongoing funding and found that it should achieve the intended equivalence. It is too early to say whether academies spend their ongoing funding differently from other schools.

3.39 Group purchasing arrangements for open academies are not part of the programme, and we found little evidence that academies had set them up. One area where group purchasing would improve value for money is insurance. Local authorities normally have an insurance policy that covers all of their schools. The Department meets the cost of insuring academies, which they have to obtain themselves. In 2005-06, individual premiums were as high as £340,000 and the Department paid £2.7 million in total. At the lower end of the range, some academies had negotiated cover through their local authority. While there are problems with academies getting comparable insurance cover with other maintained schools, the Department acknowledges that a group purchasing agreement would represent value for money, especially as the number of academies continues to grow. From our review of 2005-06 premiums paid, we estimate that the Department could save around £50,000 per year per academy (equivalent to £2.3 million per year for the 46 academies open by September 2006) by arranging a group insurance policy.

3.40 The total amount of revenue funding provided for 2005-06 to each of the 27 open academies varied between £2.2 million and £8.7 million, and between £4,300 and £6,400 on a per pupil basis (excluding start-up grants). Most of this variation is due to the variation in funds per pupil in different local authorities where the academies are located (because the Department's formula is based on the local authority formula).

3.41 Although academies receive revenue funding equivalent to that for other schools in the same local authority, they have more flexibility as to how they spend their funds. Therefore they are able to pay their teachers more than teachers in other schools as long as they make savings elsewhere in their budgets. The 20 academies in which pupils took GCSEs in 2006 had on average more teachers than other schools but fewer of them had Qualified Teacher Status: academies had 14.9 pupils per teacher compared with 16.6 pupils in all schools, and 88 per cent of academy teachers had Qualified Teacher Status compared with 95 per cent in all schools.

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37 In 2002, Ofsted inquired into the teaching of science at Emmanuel College, a city technology college in Gateshead (not an academy), following allegations that the school promoted creationism over theory of evolution. Ofsted concluded that it was satisfied that the College met the requirements of the science curriculum. The Department is also content that the teaching of science at Emmanuel College and at academies sponsored by the Emmanuel Schools Foundation meet the requirements of the curriculum.

38 The warning notice could be on the grounds that: standards of performance are unacceptably low; there has been a serious breakdown in management; or safety of pupils or staff is threatened. The Secretary of State has this power in most but not all academies. The Department is currently reviewing the arrangements of academy trusts to make sure this power is extended to include all academies.

3.42 In 2004-05, the 13 academy principals for whom information was available earned salaries in the range £80,000 to £118,000. By comparison, the normal salary ranges for headteachers of similar-sized maintained schools in 2004-05 were between £62,000 and £88,000 in Inner London and between £57,000 and £82,000 outside London and its 'Fringe Area'.[39]

Academies can receive start-up funding for four years or longer

3.43 A new school requires additional funding, for example for extra staff to help pupils with the transition, and complete sets of new books and other resources. And a new school with a phased intake of pupils needs additional funding to cover the diseconomies of running a school that is far from being full. Funding is also required for the salaries of academy principals and other staff in post before the academy opens. By 2005-06, the 12 academies that opened in 2002 and 2003 had received an average of £1.6 million in start-up funding, which is about 9 per cent of the total revenue funding they received in that period. This sum is substantially higher than the £750,000 extra revenue funding that the Department paid on average to each of the 27 Fresh Start secondary schools opening between 1998 and 2006. On average, academies received start-up funding of around £460 per pupil in 2005-06.

3.44 Principals and other staff in academies considered that start-up funding was essential to establishing their academies and making a good start. We noted, however, that 11 out of 12 academies were still receiving start-up funding of £160,000 on average in their third year, and two out of three were receiving a similar amount in their fourth year.[40] Extended start-up funding creates a risk that academies could become dependent on the funding for their ongoing operations.

Academies are financially secure but there are risks to sustainability

3.45 We interviewed academy finance directors, analysed their accounts and examined the Department's financial management reviews of academies. We concluded that academies are financially secure at present. One, Unity City Academy, has had serious financial difficulties resulting from high staff costs, combined with poor financial controls and the lack of an experienced financial manager. The Department has provided special additional funding of £700,000 to clear a financial deficit. Following a recent monitoring visit, Ofsted reported that this area for improvement had been fully addressed.

3.46 Many academy principals are concerned about longer term sustainability, especially in renewing IT systems, furniture and equipment. At around £1.8 million for IT equipment and around £2.1 million for furniture, fittings and equipment in a new academy, there is a risk that high cost replacements could be required simultaneously, and that some academies may need additional capital funding in future to maintain current high standards.

Community use of academy facilities is affected by VAT regulations

3.47 One of the intentions of the Academies programme is that academy buildings should be available for community use. Academies will generally need to recover some of the costs relating to community use by charging a fee when hiring their facilities to other users.

3.48 The construction of new academy buildings does not attract VAT so long as such 'business activity'[41] does not exceed 10 per cent of the available area, time or people using the building. However, an academy that hires out facilities after the end of every school day, at weekends and in the school holidays is likely to exceed this limit. It would be liable to pay full-rate VAT on the entire construction cost, which would far outweigh any income generated.[42]

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39   School Teachers Pay and Conditions Document 2004. The comparator salaries given are based on the average size of the academies analysed (1,270 pupils) which places them in headteacher salary group 7.
40   One of the academies in its third year has a phased intake of pupils, while none of the academies funded in their fourth year has a phased intake.
41   For example, allowing the public to hire academy facilities such as sports halls, playing fields, meeting rooms, and internet access.
42   The same regulations affect newly built voluntary aided schools.

3.49 Of the 14 academies we visited, five were actively limiting community use because of potential VAT liability. Three were opening their facilities to the community free of charge, but at some risk to their own budgets from the need to cover the costs of letting or wear and tear. City of London Academy had retrospectively paid VAT on the construction cost of its sports hall, which is a separate building, to remove the constraint on charged community use of its sports facilities.

"At the moment we are restricted by the VAT rules as to what we can and can't do [in charging for community use of facilities]. That's the same as all the other academies… The DfES is obviously aware of it but at the moment it's a case of everybody being stuck in limbo."

Academy finance director

3.50 Decisions on the design of new academies can also be affected by VAT regulations. At Haberdashers' Aske's Knights Academy, the Academy's project steering group decided to demolish a fairly new sports hall. The whole of the academy building would otherwise have been classified as a refurbishment, and subject to VAT at the full rate. It took the decision to save a VAT charge of £4.25 million by demolishing and rebuilding the sports hall at a cost of around £1 million.

3.51 The Department has been aware of the issues around VAT liability for several years. It is in continuing, high-level discussions with HM Treasury and HM Revenue & Customs to find a solution.

APPENDIX ONE

Study methodology

1 This report is based on:

- quantitative analyses of data on academy performance, including various measures of attainment and Ofsted inspection results;

- financial analyses of capital and running costs of academies;

- visits to 17 academies and review of the Department's files for the set up of those academies;

- Design Quality Assessment of 12 academy buildings;

- a survey of neighbouring schools;

- analysis of academic and other research;

- discussions with staff of the Department, Ofsted and local authorities;

- consultation with a range of stakeholder groups; and

- consultation with a reference panel of experts.

Quantitative analyses

2 The Department and Ofsted provided a range of data (up to 2006) on academy pupils' GCSE and Key Stage 3 performance. We also used more sophisticated performance measures to enable us to analyse the performance of academies after adjusting for both prior attainment and personal circumstances of pupils (the 'contextual value added' measure). Our main quantitative analysis included:

- how the recent performance of academies compared with other schools, including Excellence in Cities schools and Fresh Start schools;

- the extent to which academies' performance had improved over time;

- the location of open and planned academies in relation to local area deprivation.

3 We also analysed absence rates and permanent exclusion rates of academies compared with other schools, the exam results of pupils in sixth forms and the grades given by Ofsted following a full inspection.

4 The actual academies included in each of the analyses are shown in **Figure 21**.

Financial analysis

5 We analysed data from the Department on capital costs, the contributions from sponsors and revenue funding for the 27 academies open by September 2005. The data on capital costs included separate data on the different elements of the initial cash limit for the construction and fitting out of academy buildings. These are the cost of the buildings and fixtures, fittings and equipment which were calculated using benchmarks, and the other costs which were particular to each site, including unusual site conditions, demolition of existing buildings and temporary accommodation. Using this data we examined:

- increases to initial cash limits and final capital costs (or latest estimates) for each academy; and

- running costs of academies compared to other schools.

6 We wrote to the company secretaries of the academy trusts, or the appropriate person in the organisations which are sponsoring more than one academy, for the 27 academies which were open by September 2005. We asked them to confirm the total amount of sponsorship pledged and the amount that had actually been received by the trust. More details about the sponsorship of these academies are in Appendix 5.

| **21** | Components of report analyses, by academy |

Academy	Analysis reference							
	Figure 5	Figure 6	Figure 7	Figure 8	Figure 9	Figure 10	Figure 11	Figure 12
Business Academy, Bexley	✔	✔	✔	✔	✔	✔	✔	✔
Greig	✔	✔	✔	✔	✔	✔	✔	–
Unity	✔	✔	✔	✔	✔	✔	✔	–
Capital City	✔	✔	✔	✔	✔	✔	✔	✔
City of London	–	–	–	–	–	–	✔	✔
Djanogly	–	–	–	–	–	–	–	✔
King's	✔	✔	✔	✔	✔	✔	✔	✔
Manchester	✔	✔	✔	✔	✔	✔	✔	✔
Peckham	✔	✔	✔	✔	✔	✔	✔	✔
City Academy, Bristol	✔	✔	✔	✔	✔	✔	✔	✔
West London	✔	✔	✔	✔	✔	✔	✔	✔
Walsall	✔	✔	✔	✔	–	✔	✔	✔
Lambeth	–	–	–	–	–	–	✔	–
London	✔	✔	✔	✔	✔	✔	✔	–
Mossbourne	–	–	–	–	–	–	✔	✔
Northampton	✔	✔	✔	✔	✔	✔	✔	–
Stockley	✔	✔	✔	✔	✔	✔	✔	–
Dixons	–	–	–	–	–	–	–	–
Haberdashers' Aske's Hatcham	–	–	–	–	–	–	–	–
Haberdashers' Aske's Knights	✔	✔	✔	–	–	✔	✔	–
Macmillan	–	–	–	–	–	–	–	–
St Paul's	✔	✔	✔	–	–	✔	✔	–
Salford	✔	✔	✔	–	–	✔	✔	–
St Francis of Assisi	✔	✔	✔	–	–	✔	✔	–
Harefield	✔	✔	✔	–	–	✔	✔	–
Marlowe	✔	✔	✔	–	–	✔	–	–
Trinity	✔	✔	✔	–	–	✔	✔	–
Total	**20**	**20**	**20**	**13**	**12**	**20**	**22**	**11**

Source: National Audit Office

NOTE

Dixons, Haberdashers' Aske's Hatcham, Macmillan and Djanogly are former City Technology Colleges. City of London, Lambeth and Mossbourne have phased intakes, so had no pupils with GCSE results.

Visits to academies

7 We visited 14 open academies. We selected academies in order to achieve a spread across each of the following factors: the year of opening, sponsor type, performance and location. We visited:

- Business Academy, Bexley
- City of London Academy, Southwark
- Djanogly City Academy Nottingham,
- Greig City Academy, Haringey
- Haberdashers' Aske's Knights Academy, Lewisham
- Mossbourne Community Academy, Hackney
- Northampton Academy, Northampton
- The Academy of St Francis of Assisi, Liverpool
- The City Academy, Bristol
- The Marlowe Academy, Ramsgate
- Trinity Academy, Doncaster
- Unity City Academy, Middlesbrough
- Walsall Academy, Walsall
- West London Academy, Ealing

8 We also visited three academies in development that opened in September 2006:

- David Young Community Academy, Leeds
- Madejski Academy, Reading
- Petchey Academy, Hackney

9 During each visit, we conducted in-depth interviews with the Principal, Finance Director and the sponsor or a representative of the Academy Trust. In many cases we also interviewed other members of the management team, such as the Head of the Sixth Form and the Head of the Specialism. We ran teachers' focus groups at four academies. The focus groups consisted of a mix of teachers from the predecessor school and new teachers, as well as teachers from different subject areas and at different levels of seniority. Our topic guide for the teachers' focus groups included:

- the academy set up process, the teaching environment and level of support received;
- the impact of buildings and resources; and
- lessons teachers had learnt that could assist newly developed academies.

10 To avoid overburdening the academies, we carried out the majority of our initial visits to established academies with PricewaterhouseCoopers, who have been commissioned to undertake a five-year evaluation of the Academies programme and needed to interview the same staff as part of the evaluation. The interviews covered the vision of the academy, the extent of innovation, governance arrangements, staffing issues, the specialism selected, the building and facilities, running costs, the relationship with and support provided by the Department and the local authority, and relationships with neighbouring schools.

11 Before embarking on this collaboration, we assessed its risks to our independence. For example, we checked that the PricewaterhouseCoopers team carries out its work completely independently of the Department. During interviews, we asked additional questions, as necessary, to meet the specific objectives of our study. In addition, for 12 academies (the number of academies in our visit sample that had new and open buildings) we visited to carry out a Design Quality Assessment (below), and we followed up any supplementary issues during these visits.

12 For the 17 academies in our sample we reviewed the Department's files detailing the set up of these academies, examining around 330 files in all. We collected information on key dates and milestones, academy selection, project management, the role of the sponsor, costs, buildings and general value for money issues.

13 We also reviewed three other academies following correspondence we received or specific issues reported in the media; Gateway Community Academy, Mary Magdalene Academy and Paddington Academy.

Design quality assessment

14 Working with the Commission for Architecture and the Built Environment, we commissioned experienced school architects to carry out structured assessments of 12 academy buildings. The architects made their assessment using the design quality indicator for schools (DQI for schools). Developed by the Commission, the Department and the Construction Industry Council, the DQI for Schools is designed for groups of people to gauge variation of opinions or form a consensus. For the purposes of our study, we agreed to additional validation and moderation processes to allow an individual expert (architect) to use the indicator to measure design quality.

15 The DQI for Schools uses 111 indicators presented as statements, grouped into three categories: the way the building is designed to be useful as a school (functionality); its build quality; and its ability to create a sense of place, and have an uplifting effect on the local community and environment (impact). For each indicator, the expert rated the academy 'disagree', 'tend to disagree', 'tend to agree', 'agree' or 'strongly agree'. Senior users of the buildings contributed information to inform the ratings, and a member of the National Audit Office team participated in each visit.

16 Following the visits and based on all the ratings for the 111 statements, the expert gave each academy an overall rating. The Commission then convened meetings to moderate the ratings to ensure consistency between the assessments for different academies. Members of the National Audit Office team participated in these meetings.

Survey of neighbouring schools

17 We undertook a postal survey of all the secondary schools that are within two miles of an academy, which we judged to be the most likely to be affected by the opening of an academy. The aim of the survey was to establish what headteachers thought about the impact of academies on their schools and the local area.

18 We consulted with stakeholders while we were developing the survey questions and piloted the survey with six schools. We conducted the survey from June to July 2006. From a survey population of 151, we received 82 responses, which represents a response rate of 54 per cent.

Reference panel and our consultation with stakeholder groups

19 We convened a reference panel to comment on our emerging findings:

- Martyn Coles — City of London Academy
- Neil Flint — Department for Education and Skills
- Professor John Gray — University of Cambridge
- Paul Hann — Department for Education and Skills
- Tim Key — Ofsted
- Dr Judy Larsen — PricewaterhouseCoopers
- Brendan Miskelly — PricewaterhouseCoopers
- Elanor Warwick — Commission for Architecture and the Built Environment
- Matthew Young — Department for Education and Skills

20 Throughout the study, we consulted widely about the Academies programme, including with representatives of the following stakeholder groups:

- Association of School and College Leaders;
- National Association of Schoolmasters Union of Women Teachers;
- National Union of Teachers;
- Specialist Schools and Academies Trust; and
- Local Government Association.

Location of open academies

Key

1   Macmillan Academy

2   The King's Academy

3   Unity City Academy

4   David Young Community Academy

5   Dixons City Academy

6   Trinity Academy

7   Barnsley Academy

8   Manchester Academy

9   North Liverpool Academy

10 The Academy of St Francis of Assisi

11 Sheffield Park Academy

12 Sheffield Springs Academy

13 Djanogly City Academy Nottingham

14 Landau Forte College

15 Walsall Academy

16 Sandwell Academy

17 Grace Academy

18 Northampton Academy

19 The City Academy Bristol

20 The John Madejski Academy

21 Gateway Academy

22 The Marlowe Academy

23 Salford City Academy

England

Greater London

Index of Multiple Deprivation 2004
(colour represents deciles)

■ Most deprived 10 per cent of neighbourhoods

■
■
■
■
■
■
■
■

■ Least deprived 10 per cent of neighbourhood
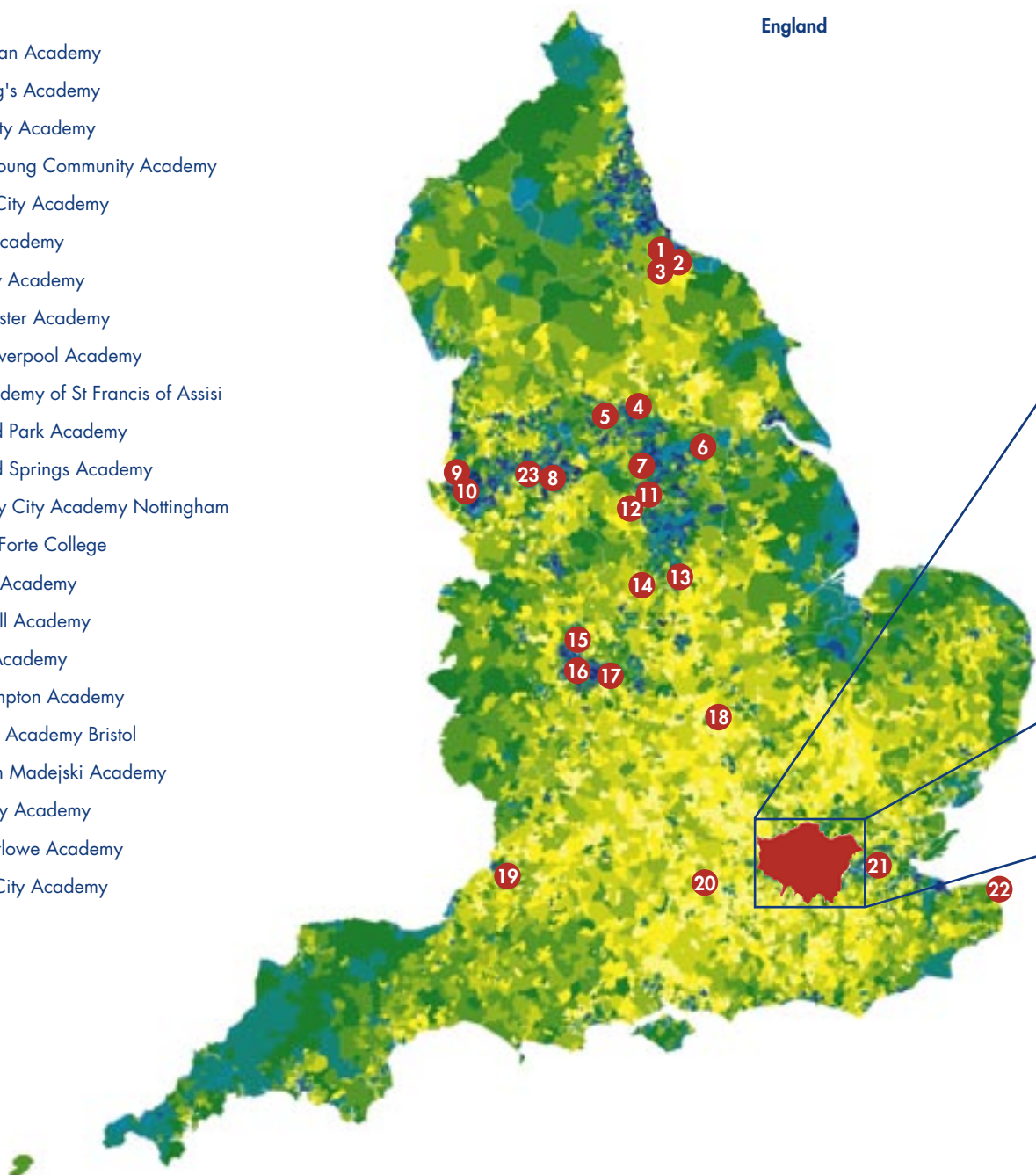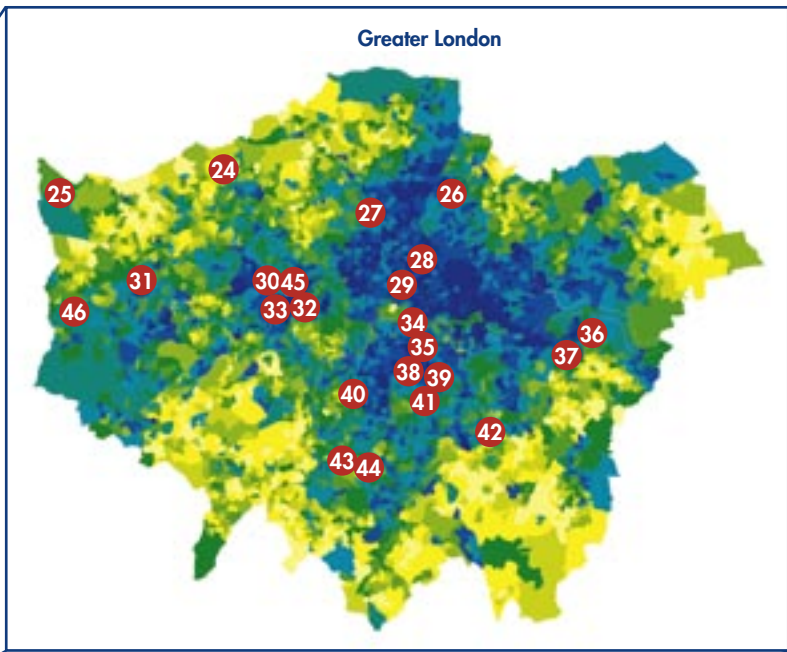
Key

24 London Academy

25 The Harefield Academy

26 Walthamstow Academy

27 Greig City Academy, Haringey

28 Mossbourne Community Academy

29 The Petchey Academy

30 Capital City Academy

31 Stockley Academy

32 Paddington Academy

33 The Burlington Danes Academy

34 The Harris Academy, Bermondsey

35 City of London Academy (Southwark)

36 The Business Academy Bexley

37 St Pauls Academy

38 The Academy at Peckham

39 Haberdashers' Aske's Hatcham College

40 Lambeth Academy

41 Harris Girls Academy East Dulwich

42 Haberdashers' Aske's Knights Academy

43 St Mark's Church of England Academy

44 Harris Academy, Merton

45 Westminster Academy

46 West London Academy

APPENDIX THREE

Summary of design quality assessment findings

1   Working with the Commission for Architecture and the Built Environment, we commissioned experienced school architects to carry out structured assessments of 12 academy buildings. The 12 academies assessed demonstrated less variation in design quality than the 46 schools assessed in the Commission for Architecture and the Built Environment's *Assessing Secondary School Design Quality* report (Figure 18).

2   There was insufficient data to quantify the impact of procurement or other process issues on the quality of the designs. However, we could infer that many of the positive academy designs resulted from informed and engaged clients working with motivated design teams. While some projects clearly suffered from having onsite temporary accommodation during building works, or pressures of time nearing completion, most of the projects appeared to have benefited from sufficient time for development of thoughtful designs. All three quality dimensions (functionality, build quality and impact) were more closely balanced than in the schools in the Commission's earlier study, suggesting that a more holistic approach to design quality was achieved.

3   Behind the headline findings, a number of key issues often made the difference between successfully and unsuccessfully designed schools. Identifying and understanding these themes is a useful step to improving the design quality of future schools. The themes are based on the Commission's 10 key points for good design of a school.

4   The methodology used in the assessments is set out in Appendix 1, paragraphs 14 to 16.

a) Good clear layout and full accessibility for all users

Strengths

5   Most academies assessed had clear layouts that responded to the site, context, and specialism of the design brief. Plans were well thought out; the best design types were based on a central street with classroom wings, clusters of classrooms, or courtyards.

6   Careful placement of key spaces, such as learning spaces, assembly and sports halls shaped the best plans. Classrooms were sensibly grouped in either clusters or linear format. This provided short and long-term adaptability to respond to the academy's preferences in teaching and learning. Lifts and major stairs were usually sited in appropriate locations to direct the flow of pupils, with ancillary spaces such as toilets and teacher bases positioned adjacent to intersection points: for example between corridors. Specialised areas such as special educational needs rooms were central; all these factors contributed to accessible and inclusive environments, which catered for disabled users.

Areas for improvement

7   In a minority of academies, the assessors identified over-complicated, dispersed or condensed layouts. Weaknesses included over-complicated organisational layouts, with unclear or tortuous main circulation routes, and wasted space.

8   Some academies did not locate major ancillary spaces, such as libraries, accessibly.

b) A layout that encourages broad community access and out-of-hours use

Strengths

9 Once inside the site, many academies provided welcoming entrances for visitors and communities alike. They provided easy access to the ICT and sports areas which may be used by the local community.

Areas for improvement

10 Ambitions for community use often conflicted with security issues, particularly for the inner-city sites that suffer from high crime rates. This resulted in a number of the academies incorporating high security measures, such as full CCTV coverage and perimeter fencing.

c) Attractive external spaces with a good relationship to internal spaces and offering appropriate security and a variety of different settings

Strengths

11 The best of the projects had a wide variety of excellently designed external spaces, which took account of the natural landscape.

Areas for improvement

12 In some projects, insufficient funds appeared to have been available for landscaping and some disappointingly bland outside areas resulted. More fundamental design misjudgements were rare, although potentially attractive features such as ponds can be a mistake if they have to be fenced off for safety reasons.

d) Spaces that are well proportioned, efficient, fit-for-purpose and meet the needs of the curriculum

Strengths

13 Many of the academies included appropriately sized, well proportioned spaces that provide standard teaching spaces and meet the needs of the specialisms of the academies. ICT was also well integrated with the buildings. The best designs resulted in well organised, efficient layouts of classrooms that supported teaching and learning and the ethos of the academies.

Areas for improvement

14 Space allowed varied between academies, particularly for ancillary spaces. Staff and dining facilities were often undersized for the expected numbers of occupants. In a minority of cases, a grand architectural gesture in circulation area or specialist space resulted in reduced teaching space. While open walkways can work successfully, the design of some academies did not minimise the risks of items being dropped over balconies.

e) Circulation that is well organised, and sufficiently generous

Strengths

15 Most of the academies had clearly designated and efficient circulation routes. In the better academies, circulation spaces were consistently generous, incorporating well integrated break-out areas, teaching bases and supervision spaces.

Areas for improvement

16 A minority of academies allocated insufficient space for circulation, or had wasted or confusing circulation areas. Some had bland and uninspiring corridors.

f) Good environmental conditions throughout, including appropriate levels of natural light and ventilation

Strengths

17 Some of the academies had been designed with the environment and sustainability as priorities. This included naturally ventilating classrooms and circulation spaces and sports halls with good levels of daylight.

Areas for improvement

18 Some academies suffered from poor acoustics, particularly where noise could penetrate glazed surfaces to classrooms.

19 Several projects relied on mechanical environmental design. For example, there were sometimes few manually openable windows. Some of the building management systems were complex and training staff to understand the design intent of these systems is crucial.

g) Attractiveness in design, comparable with that found in other high quality public buildings, to inspire pupils, staff and parents

Strengths

20 The majority of the academies were attractive, with well considered, high quality architectural designs. The most successful projects had been developed to respond to the individual needs of the academy, usually via a thorough briefing process. This was revealed not through iconic or stylised architecture, but a design that was fit-for-purpose and appropriate, as well as attractive.

Areas for improvement

21 On occasion, the architectural gesture appeared to have taken precedence over the smooth functioning of the academy. For example, sometimes the design compromised academies' surveillance and management of certain areas within their buildings.

h) Good use of the site, public presence as a civic building wherever possible to engender local pride

Strengths

22 The academies that performed well under this theme had a distinct identity, creating a building that was identifiable as a community resource, although not necessarily through the use of 'iconic' architecture; for example, by using a restrained and modest mixture of materials, combined with a form that fitted well into its context.

23 The relationship between the boundaries of the site and the surroundings was also carefully considered in the best projects.

Areas for improvement

24 Sometimes the ambitions of the architectural idea seemed out of step with the needs of the academy. The academy buildings sometimes made a strong architectural statement, advertising their presence, yet without contributing much to their setting. Younger pupils can find these buildings huge in scale.

25 The character of some academy buildings was that of office buildings in a bland business park. These buildings were efficiently assembled and constructed, but did not inspire their users.

i) Robust materials that are attractive, that will weather and wear well and that are environmentally friendly

Strengths

26 The use of durable high quality materials, well detailed and constructed was a strength of nearly all of the academies.

Areas for improvement

27 Inappropriate or insufficiently robust components proved to be the exception to the rule among the assessed academies. Sometimes the use of specialist materials, such as types of glass, has led to lengthy replacement times.

j) Flexible design that will facilitate changes in the curriculum and technology and which allows expansion or contraction in the future where appropriate

Strengths

28 There was striking evidence that the buildings would be adaptable and flexible over time, both for the internal layouts and for future extension of the buildings.

Areas for improvement

29 There were clear issues associated with the constraints of some of the tight sites typical of many inner-city academies. Site constraints reduced the outdoor playing spaces and, in some cases, the internal teaching space and ultimately would constrain expansion of the academy over time.

Capital costs of the first 26 academies

The capital costs of the first 26 academies which had opened by September 2005, and for which construction of new buildings had started (or the contract for it had been let), are set out below. Where construction is not complete, or the final payment has not been made, the total cost is the Department's estimate as at October 2006. St Paul's Academy, which opened in 2005, is excluded from the analysis because the contract for the construction of its new building had not been let by the end of 2006.

Year opened	Academy	Capital cost (£ million)	Cost per sq metre (£)	Area per pupil (sq metre)
2002	The Business Academy, Bexley[1]	31.2	2,900	8.18
	Greig City Academy	16.5	1,600[4]	8.24
	Unity City Academy	21.8	2,100	8.56
2003	Capital City Academy	27.0	2,500	8.92
	City of London Academy	33.7	3,300	8.43
	Djanogly City Academy Nottingham[2]	22.0	3,100	8.76
	King's Academy	22.3	2,000	8.71
	Manchester Academy	15.3	2,000	8.67
	The Academy at Peckham	30.2	2,400	8.53
	The City Academy, Bristol	27.7	2,500	9.06
	The West London Academy	31.2	2,600	8.28
	Walsall Academy	17.3	1,800	8.53
2004	Lambeth Academy	25.4	2,400	9.01
	London Academy	31.4	2,500	8.92
	Mossbourne Community Academy	28.4	3,400	9.24
	Northampton Academy	27.4	2,400	8.16
	Stockley Academy	25.8	2,500	9.10
2005	Dixons Academy[2]	6.5	Not applicable	Not applicable
	Haberdashers' Aske's Hatcham College[2]	7.0	Not applicable	Not applicable
	Haberdashers' Aske's Knights Academy	40.4	3,600	8.22
	Macmillan Academy[2]	13.0	Not applicable	Not applicable
	Salford City Academy	15.1	2,300	8.73
	The Academy of St Francis of Assisi	20.9	2,700	8.56
	The Harefield Academy[3]	34.2	3,800	8.97
	The Marlowe Academy	27.8	2,800	8.54
	Trinity Academy	25.1	2,100	8.17
	Average	**24.0**	**2,600**	**8.63**

Source: National Audit Office analysis of data from the Department

NOTES

1   These entries relate only to the secondary school. A primary school was opened in 2004 for which the capital cost was £7.3 million.

2   These academies were converted from city technology colleges which required little new building, except for Djanogly which incorporated another secondary school and where a new building was required to replace that school, and the cost and area figures are for pupils accommodated in that building.

3   Construction of the building for this academy had not started by October 2006.

4   This cost is not directly comparable, since the capital cost included refurbishment of existing buildings as well as some new buildings.

Sponsors' financial contributions

The amounts and timings of sponsors' contributions are set out in academy funding agreements. Sponsors pay their contributions to the Academy Trust, and the Department seeks confirmation from the Trust that the agreed sums have been paid (but there can be a delay in doing so). We therefore obtained information from the Department, and then wrote to the company secretary of the first 27 academy trusts (or to the organisations sponsoring more than one academy) asking them to confirm the amounts received.

Academy	Sponsors	Agreed total contribution	Contributions agreed to be made by 30 September 2006
Capital City Academy	Sir Frank Lowe	£2,000,000	£2,000,000
City of London Academy	The Mayor and Commonalty and Citizens of the City of London	£2,000,000	£2,000,000
Dixons Academy[1]	Dixons City Academy Charitable Trust	£651,000	£550,965
Djanogly City Academy Nottingham[1]	Sir Harry Djanogly	£0	£0
Greig City Academy	Greig Trust and London Diocesan Board For Schools (Church of England)	£2,000,000	£1,925,000
Haberdashers' Aske's Hatcham College[1]	The Worshipful Company of Haberdashers	£704,500	£704,500
Haberdashers' Aske's Knights Academy	The Worshipful Company of Haberdashers	£295,500	£295,500
King's Academy	The Emmanuel Schools Foundation	£2,000,000	£2,000,000
Lambeth Academy	United Church Schools Trust	£2,000,000	£1,500,000
London Academy	Peter Shalson	£1,500,000	£1,342,000
Macmillan Academy[1]	Academy's own reserves	£1,250,000	£350,000
Manchester Academy	United Church Schools Trust	£2,000,000	£1,285,685
Mossbourne Community Academy	Sir Clive Bourne	£2,150,000	£2,150,000

continued overleaf

Contributions actually made by 30 September 2006	Comment
£2,000,000	
£2,000,000	
£550,965	
£0	Sponsor contributed to predecessor city technology college, and has promised £200,000 to the Academy Trust towards the remodelling of the retained buildings.
£1,925,000	
£704,500	
£295,500	The Department agreed to a lower amount of sponsorship as the sponsor was also contributing to the conversion of a city technology college and was bringing significant educational expertise to the academy.
£2,000,000	
£1,502,715	
£1,350,050	The Department agreed to accept £1.5 million from the sponsor.
£350,000	
£1,089,259	
£2,150,000	

Academy	Sponsors	Agreed total contribution	Contributions agreed to be made by 30 September 2006
Northampton Academy	United Church Schools Trust	£2,000,000	£571,428
Salford City Academy	United Church Schools Trust	£2,000,000	£100,000
St Paul's Academy	Trustees of the Roman Catholic Diocese of Southwark	£2,000,000	£200,000
Stockley Academy	Barry Townsley	£2,000,000	£2,000,000
The Academy at Peckham	Lord Harris of Peckham	£2,000,000	£2,000,000
The Academy of St Francis of Assisi	Church of England Diocese of Liverpool and Catholic Archdiocese of Liverpool	£2,000,000	£1,500,000
The Business Academy, Bexley	Sir David Garrard	£2,410,000	£2,410,000
The City Academy, Bristol	John Laycock, University of the West of England, St George Community College Bursaries and the Regional Objective 2 Funding Programme	£2,499,000	£1,787,000
The Harefield Academy	David Meller, Mike Sherwood, Jonathan Green, Haig Oundjian, Watford Football Club, Matthew Green, David Lester	£1,500,000	£600,000
The Marlowe Academy	Roger De Haan and Kent County Council	£2,565,135	£1,462,000
The West London Academy	The Reed Foundation	£2,000,000	£2,000,000
Trinity Academy	The Emmanuel Schools Foundation	£2,000,000	£2,000,000
Unity City Academy	Amey plc	£2,000,000	£2,000,000
Walsall Academy	Thomas Telford School On Line and The Mercers' Company	£2,500,000	£2,500,000

Source: The Department and academy trusts

NOTE

1   These academies were converted from city technology colleges.

Contributions actually made by 30 September 2006	Comment
£654,196	
£0	
£200,000	
£1,570,410	The principal sponsor has made his contribution of £1.5 million in full. The Department agreed that the remaining sponsorship would be paid in-kind. The majority of this sponsorship has been received to date, while the remainder is still being confirmed.
£1,493,633	Remainder was paid in October 2006.
£1,216,500	The Archdiocese will pay the balance when it has completed the sale of the site of the predecessor school.
£2,410,000	
£1,898,527	
£315,900	The Department agreed to accept £1.5 million from the sponsors. The construction of the new building has been delayed.
£1,462,000	
£2,000,000	
£2,000,000	
£2,000,000	
£2,500,000	