

The broader significance of a financial scandal

It is almost impossible for secondary schools not to become Academies now. The money and the ability to avoid Gove's curricula impositions make it almost a necessity. In any case, there are now so many Academies at secondary level that concerns over their special privileged status are beginning to sound a little thin.

But the replacement of local authorities with Academy chains is having some worrying consequences.

The first is that local authorities in many areas are very close to losing all significant relationships with Academies. Some are even exploring the possibility of formally washing their hands of the secondary school sector altogether. So much money has been sucked out of their coffers, over and above the per capita redistribution due to Academies leaving LA control, that they are finding their residual functions in special needs, transport and planning, hard to fund. Even money that was reserved for the Youth Service is following Academies out of the system.

Inevitably, Academy chains are stepping into the vacuum left by the retreating local authorities in terms of coordinating school policies and purchasing, supporting or even controlling teaching and learning policies and practices across schools. There are many types of chains, and one must make the very important distinctions between self-managing collaboratives, the more co-operative and consensual trusts and the big corporate leviathans that are emerging.

But are they effective replacements for local authorities?

Well, most chains are national in spread and completely disinterested in local planning and local accountability. It doesn't even arise as an issue. Heads themselves are relatively small cogs in some of the bigger corporates and are quickly replaced if they fall below performance levels. In these types of chains, the heads have less power than headship forums in local authorities.

Primary school heads are understandably and increasingly fighting shy of adopting Academy status, and is one of the reasons why there is such a high shortage of prospective primary heads. It's just not worth the stress. School governors in these corporate schools, in contrast to local authority schools or independent Academies, are tokenistic – they have no legal powers or responsibilities and most policies are decided at corporate level.

The lack of accountability is now producing its inevitable results. The financial scandal surrounding the E-ACT chain – the second such scandal involving chains in 18 months – is indicative of a deeper problem. The 'procedural irregularities' were costing the tax payer hundreds of thousands of pounds in expensive lunches and hotels, small ten person workshops on 'governance' costing £5000, and on paying its trustees to act as chairs of governors costing £393,000 per annum (in contravention of the Charity Commission's guidelines).

E-ACT's financial director was being paid £280,000 a year before he resigned in April! This pay package is in line with some of our biggest companies, where a large part of the business's success is down to its financial director's strategy and risk-taking acumen. What is the director of a 30 school consortium doing getting this sort of money? And what is the pay of the Chief Executive? This is not just taxpayers' money that is being misspent, it's coming out of budgets that should have been spent on children in schools.

With payments this grand, it is not surprising that sponsors of corporate chains use Academy Brokers to search out new chain members – after all, these schools each have to submit part of their budget to the corporate structure. And it is also perhaps not surprising that allegations of unethical, bullying behaviour from these brokers and Academy chain sponsors are beginning to emerge. There is a lot to financially gain, and to lose! After all, if you are senior manager in a chain that has some schools failing to perform and you have only very limited resources for professional development and support – what do you do? You bully and then sack the school's senior staff.

The headteachers' unions are beginning to become alarmed about this – remarkably late in the day, one must say – and are setting up a blacklist of brokers, sponsors and other employers who are getting reputations as bullies.

But it's all just nibbling at the edges of the problem. It is really a function of smaller size, structure and ideology of the new authorities, compared to the old. They are lacking in accountability except to remote regulatory agencies, and they do not have the public service mentality that runs through local authorities.

There are some steps that the more enlightened chains can make to re-engage with the local community and provide some real local accountability. The first and foremost must be to give an inalienable right for parents and school governors to opt out of the chain they are in. This will shift power back to where it belongs – the consumers and taxpayers funding the whole edifice. They should then report to parental representatives of schools who – as with shareholders – should have the right to demand changes at board level. Without this, we will see bigger and bigger chains operating with a semi-private sector mentality, but without the disciplines of the marketplace – a systemic contradiction, waiting to unravel.

Howard Sharron