



Lord Nash

Parliamentary Under Secretary of State for Schools

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Andrew Tyrie MP
House of Commons
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11 December 2013

Dear Mr Tyrie

In my letter of 20 September 2013 I said that I would write to you when we had completed our assessment of the financial viability and value for money of Durand Academy's boarding project.

As you know, Durand submitted an amended planning application on 11 October to the South Downs National Parks Authority and the application is due to be heard by the local planning committee on 12 December.

The planning committee will need to evaluate the application and make their decision on planning issues. However, I am pleased to tell you that we have now completed our assessment of viability and value for money. I am confident that, with careful management of costs and a focus on raising standards, the project is viable and offers value for money. I believe it is a challenging but innovative project which can both bring direct benefits and present us with an opportunity to learn valuable lessons.

To demonstrate value for money, Durand will clearly need to show that the investment in the project has helped deliver substantial improvements in educational attainment for children at the school. Detailed economic analysis is set out in the cost benefit document attached. Durand's track record – with the primary school in the top 25% nationally for value added between KS1 and KS2 in each of 2010, 2011 and 2012 – as well as evidence from other schools and the innovative nature of the proposal suggests that these improvements are challenging but achievable.

On viability, we are confident in the core income assumptions presented by Durand – these are well evidenced and build in appropriate caution. However, on costs I recognise the concerns expressed by you and some of your constituents in relation to Durand's original estimate of £1,300 per pupil each year.

As a result of challenge by the Department and engagement with a range of people with extensive boarding experience, Durand has increased its estimate to £2,051 per pupil each year. There remain risks to these costs, particularly in relation to staffing and catering. However, I am satisfied that Durand has a sufficient operating surplus on the

current proposal and identified contingency options in place to manage these and other risks.

While the revised boarding costs remain significantly lower than those for other state boarding providers this is precisely because this is a new approach, one that we should applaud, in which Durand minimise boarding costs by significantly extending the school day. The children's education will not end at 4pm as in many other schools. It will continue until 9.30pm. The boarders will get maximum educational benefit from their time at the school. A full description of this innovative educational offer is set out in pages 1-4 of the Durand revenue model which I attach to this letter.

On the boarding side, the overall financial model for the current proposal (i.e. years 9 to 11 with no sixth form) suggests boarding income of £986k and costs of £770k per year when full, resulting in a considerable projected annual surplus of £216k (22% of income). In addition, Durand has identified a series of contingency options, including: (1) increasing London Horizons income through additional accommodation; and (2) increasing some charges for parents at the academy.

To ensure the remaining risks are effectively managed, my support for the project is conditional on Durand delaying plans for a sixth form for two years. We will carry out a further assessment of the sixth form proposal at this point. The children's welfare is paramount and the national minimum boarding standards must be met. To ensure they are, I will ask Ofsted to make sure they carry out a pre-registration inspection of the boarding facility before any children start. I have also asked Durand to strengthen their governing body through the appointment of at least two new governors with a track record in boarding.

The amended planning application, to be determined by the South Downs Planning Authority Planning Committee on 12 December 2013, now excludes both the 6th form teaching and boarding accommodation. As a result the Phase 1 project costs presented in the business case are now the costs for construction of the "core" school, the scope of which includes just the pre-16 teaching and boarding accommodation. This has reduced the total project cost of the proposed Phase 1 scheme to £18,787,551.

With the removal of the sixth form the EFA approved funding allocation is reduced to £16,439,699, with Durand's total project capital contribution increasing to £2,347,852 to reflect additional infrastructure costs, inflation and two sets of design fees for the planning applications. These figures are still provisional at this stage because planning approval is subject to any planning conditions that may be imposed by the planning authority.

I believe this is a unique and innovative proposal with the potential to make an enormous difference to the children of Lambeth for generations to come, and it deserves our support. Sir Greg Martin and his team at Durand have made a significant contribution to improving life chances for the children of Lambeth and we are confident that they will with this proposal too.

It is important that we support and encourage truly innovative proposals such as this, both to improve educational opportunities and attainment of the children directly involved and to encourage others with vision to innovate in future.

I have attached our detailed cost benefit analysis and Durand's revenue model, and I am making these publicly available alongside this letter.

I hope you are able to support this ground breaking project.

A handwritten signature in blue ink, appearing to read "John Nash". The signature is fluid and cursive, with the first name "John" written in a larger, more prominent script than the last name "Nash".

JOHN NASH