



Lord Hill of Oareford

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Baroness Morris
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Westminster
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Dear Estelle,

18 July 2010

THE ACADEMIES BILL: IMPACT ASSESSMENT

On the first day of Committee I promised to write to you to about the reasoning underpinning the Impact Assessment for the Bill.

As a rule the Department only considers results from academies with at least three years of GCSE results, as this allows the Academy to establish itself and provides a sufficiently robust trend of data. The results in the Impact Assessment therefore cover 2009, 2008 and 2007.

The existing level of economic benefit for Academies mainly in challenging circumstances has been reduced by 50% to take account of the different characteristics of Academies under the new scheme. Given that no differentiation of costs is made between outstanding converters and other appliers this is a very cautious estimate.

You asked specifically about measures used for estimating the economic benefits of Academies. The estimates of the economic benefits from extra individuals attaining 5 or more GCSEs are based on increases in productivity, including both additional earnings and the additional income tax and National Insurance Contributions. Our best estimate of these total benefits is £100,000 for men and £85,000 for women and they are likely to accrue slowly over the course of a young person's life from the point at which they start work.

I am copying this letter to all Peers who spoke during Committee and placing a copy in the Library of both Houses.

Yours,

Jonathan Hill
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