

Public Accounts Committee

Oral evidence: Free school meals, HC 689

Thursday 17 December 2020

Ordered by the House of Commons to be published on 17 December 2020.

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Members present: Meg Hillier (Chair); Olivia Blake; Sir Geoffrey Clifton-Brown; Barry Gardiner; Mr Richard Holden; Craig Mackinlay; James Wild.

Gareth Davies, Comptroller and Auditor General, National Audit Office, Laura Brackwell, Director, NAO, and Marius Gallaher, Alternate Treasury Officer of Accounts, HM Treasury, were in attendance. Questions 1-152

Witnesses

[I](#): Susan Acland-Hood, Permanent Secretary, Department for Education, Sarah Lewis, Director, Early Years and Schools Strategy, Department for Education, and Johann Vaucanson, CEO, Edenred.

Report by the Comptroller and Auditor General

Investigation into the free school meals voucher scheme (HC 1036)

Examination of witnesses

Witnesses: Susan Acland-Hood, Sarah Lewis and Johann Vaucanson.

Q1 Chair: Welcome to the Public Accounts Committee on Thursday 17 December 2020. We are here today to look at the free school meals voucher scheme, which was introduced by the Department for Education in the first stage of lockdown, when it became apparent that there would be a challenge getting children who are on free school meals access to that facility when their schools were open virtually. The Government chose to go down a route with one supplier, Edenred, which was already supplying these services to the Government through a framework contract but was not on a list of preferred suppliers, because it was quite an unusual and unexpected scheme that was being introduced.

We want to ask the Department why it chose this particular scheme, how it went and what lessons there are for the future. One of the key things is that the scheme was originally a £74 million programme, but it rose to £425 million, partly because Marcus Rashford's campaign to increase the provision of free school meals during the school holidays meant that the project became larger and the contract carried on, with Edenred running it.

I am pleased to welcome our witnesses. We have Susan Acland-Hood, who is now the permanent secretary at the Department for Education. She was recently confirmed in that role, so congratulations to you, Ms Acland-Hood. We also have Sarah Lewis, who is the director of early years and schools strategy at the Department for Education, and Johann Vaucanson, who is the chief executive of Edenred. A warm welcome to you—it is the first time you have been in front of this Committee. All witnesses are physically in the room with us today.

Before we go into the main session, I want to ask you a couple of questions, Ms Acland-Hood, now that you are permanently in charge at the Department for Education. What is the message for schools about schooling in January? Are you expecting schools to reopen on 4 or 5 January?

Susan Acland-Hood: We are clear that we want to make sure that there is as much education provided to children as possible during January, and we do not have any plans to shorten the Christmas holiday.

Q2 Chair: To shorten the Christmas holiday, or to lengthen the Christmas holiday?

Susan Acland-Hood: Sorry, we do not have any plans to lengthen the Christmas holiday—I apologise.

Q3 Chair: So you are expecting that parents, headteachers and teachers will



be going back as usual.

Susan Acland-Hood: There are conversations going on about exactly how parents and pupils will go back at the beginning of January, but I am afraid I cannot speak to the Committee about that this morning.

Q4 **Chair:** It is just that there has been news coverage today about a possible delay in going back. Given that many schools will not have pupils in today or tomorrow—some will have a few in—it gives no time for parents or teachers to prepare. Can you be really clear? You are saying there are some discussions going on about how pupils will go back. Is that a staggered return for pupils, with some schools open and some closed?

Susan Acland-Hood: I cannot comment on leaks.

Q5 **Chair:** I didn't even know it was a leak; I was hearing news on the radio this morning. We are at the end of term. As the head of the Department, can you tell us clearly and categorically what the situation is for schools, so that school leaders, parents and pupils know what is happening on 4 and 5 January?

Susan Acland-Hood: We really understand how important it is that we give clarity soon, and there are conversations going on, but I cannot comment on the news stories this morning. I'm sorry.

Q6 **Chair:** Okay. You will give clarity soon, so you cannot give us clarity now.

Susan Acland-Hood: No, I am afraid I cannot.

Q7 **Chair:** I have to say that it is ludicrous. We are at the end of term. The final day for any school in England is tomorrow and you are sitting here today, unable to tell us any more detail about what might happen on 4 or 5 January next year.

Susan Acland-Hood: I entirely accept that this is very difficult for people.

Q8 **Chair:** It is not just difficult, Ms Acland-Hood, it is impossible. If a school is breaking up tomorrow, pupils, teachers and other staff will not be in the school next week. How are they expected to plan for any changes in January?

Susan Acland-Hood: I think we have all experienced, throughout the pandemic, times when we have had to plan for things at very short notice. I do not think that is ever desirable. But we have also experienced that the circumstances around us have changed very rapidly. My Ministers and others want to take note of and recognise the circumstances and to have conversations, but I cannot communicate a decision that has not yet been made or communicated by Ministers.

Q9 **Chair:** Okay. I am going to go over to Sir Geoffrey Clifton-Brown, but can I just ask, have you had any conversations with the main teaching unions and other professional bodies about these discussions that are going on behind the scenes? Are you talking to the representatives of school leaders?

Susan Acland-Hood: The situation is moving very rapidly. We always try to speak to school leaders as we contemplate change. As ever, we have

been trying to do that. I am very sorry, Chair, but I am very restricted in what I can say to you, because of the importance of making sure that Ministers can make announcements sensibly and Parliament can hear them first.

Chair: Well, Parliament is breaking up today, as well.

Q10 Sir Geoffrey Clifton-Brown: Ms Acland-Hood, I do not want to make your life more difficult, but I think this conversation will probably cause alarm, because we have now established that this is more than just some newspaper journalist; there is some substance to it. I understand fully that Ministers have not made a decision yet, but in order that schools, parents and everyone else can plan, are you able to say when a decision will be made?

Susan Acland-Hood: I think I can say that we all appreciate that if there will be any change, it needs to be communicated as soon as possible, and that means today.

Sir Geoffrey Clifton-Brown: Today?

Susan Acland-Hood: If a change were to be made, I think we would need to communicate it today.

Q11 Chair: But this is turning into a pattern. We have had evidence about this just today. Announcements are made on a Saturday for change on a Monday at a press conference at Downing Street. I see there is no statement scheduled on this at the moment. There are two statements—I am trying to catch up—in the House today. This is about changes that would be implemented on the first day back for most schools next year. Why is there no pre-planning about options or discussion with school leaders about the possibility of these changes ahead of time, so that they can plan?

Susan Acland-Hood: With your permission, Chair, I will talk about a change that we have made, which I can talk about. The announcement we made on Tuesday around massively increasing testing in schools from January is also an announcement about which I know people have said that it would have been helpful to have had more notice.

Q12 Chair: I want to come on to that. There is a whole separate issue around mass testing. But it seems to be a habit of the Department—completely detached from the reality of what it is like to run a school—which is responsible for supporting those schools. That is what I just cannot understand. You were not permanent secretary all the way through this.

Susan Acland-Hood: No, but I hold the accountability.

Chair: You are the accounting officer. You are responsible. You are speaking for the Department.

Susan Acland-Hood: I am.



Q13 Chair: So why is it that decisions are made and announced without any reference to schools. Headteachers in all our constituencies are tearing out their hair. They want to do a good job. They are willing to understand the needs and pressures of change, but they cannot do it as fast as you are expecting them to.

Susan Acland-Hood: So, Chair, there is a really difficult balance that we are having to strike through this pandemic. Sometimes, we only know things at very short notice, and we have a choice about whether we try to get real-world change implemented quickly. Essentially, we tell people things as soon as we possibly can.

I have been working in the Department since September. I have heard everything that school leaders have said about this. I appreciate that it is very difficult for people when circumstances change very quickly, and things are communicated at short notice. We do not, typically, have a very long period in the Department where we know things and are not telling anybody. It is typically the case that the circumstances change very rapidly, and then we have very little time and we tell schools as soon as we can. I am pushing in the Department that, if we have a period where we are thinking and planning, we pool the information to schools as early in that process as we possibly can, but it will still be the case that sometimes during the pandemic the circumstances change and all of us need to move very rapidly.

I know how difficult that is for people, and I really am working as hard as I can to make sure that we can push both the decision-making earlier and the information to people about the decision-making earlier, but I cannot commit that we will always be able to give people as much notice as would be most helpful to them, because sometimes the rapidity of change that is needed in response to the change of circumstances is such that everybody involved in the system is having to work at an uncomfortable pace.

Q14 Chair: As the permanent secretary, who no doubt has an involvement in the planning, there must be a point at which you have to push back about the logistical impossibilities for schools.

Susan Acland-Hood: Yes—absolutely right.

Q15 Chair: In parts of London, because of other confusions as well, there are children who are not in school today and some who are, in a school that is open, because parents have had very confusing messages from the Government, and sometimes from their own local authority as well. It is a complete dog's breakfast out there. Parents do not know from day to day whether their child is going to be in school, partly because of Covid. This layered on top is unacceptable, surely. Can you give a commitment that you are going to step up, as you have said, and give as much notice as possible? What does that mean in practical reality? What will that mean from January?

Susan Acland-Hood: What we have tried to do this term already is make sure that we are listening to headteachers about timing in the day and in



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the week of announcements. You have seen over this term that we have tried not to make announcements in the second part of this term, for example, late on a Friday night, which was something that people were telling us was particularly unhelpful to the running of schools. On several occasions we have either pulled forward or, on some occasions, pushed things back so that we do things on a Monday rather than on a Friday, because it is easier for people to manage. We will continue to do that.

In terms of the wider point about pulling our planning forward, I agree with you. I think it is worth recording that, for example, the guidance for schools for reopening in September was issued first in July. We are trying to get further ahead of this. We re-set out several weeks ago our plan for what happens when schools are under really significant pressure, removing the previous mechanism that we had of possibly moving to rotas, which in practice did not seem to be working this term, towards something where we said that if there was really significant pressure we would move to a situation where schools were focusing on the exam years, the most vulnerable children and the children of key workers. Essentially, we are trying to have some of the planning done in advance, so that if we do have to do things at short notice, we at least know what plan we are moving to.

I think it is worth recording, on attendance over this term, that we have had most children in school for the majority of this term. We have clearly had a lot of disruption and difficulty, but we have managed to support schools and others to have a term in which children have received a significant amount of really good quality education, and I want to pay tribute to everybody in schools who has helped to make that happen. It has been the most phenomenal effort. We recognise that it has not always felt as though the Department for Education was helping as it should have been, but we really have been trying to make sure that we underpin the work that schools have done so brilliantly this term.

Q16 Chair: I want to come on to attendance in a moment as well. We have now discovered that there is a written statement on education updates to be laid at some point today. Is that the announcement that you are talking about?

Susan Acland-Hood: I believe so.

Q17 Chair: You are a civil servant, but do you think that it is acceptable in normal times to have a written statement on something as significant as possible changes to education arrangements in January?

Susan Acland-Hood: I think the most important thing is that once we have made the decision, we announce it as quickly as we can and give people as much notice as we can, and we use whatever mechanism we can to do that.

Q18 Chair: I think I speak for the Committee when I say it is certainly not good enough not to be able to scrutinise that. We are trying to do it with you here today, but you are unable to tell us. We may see whether we can get



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an Education Minister, who perhaps can speak more freely, but it is a ludicrous system where you, as the head of the Department, cannot

tell parents what is happening.

Susan Acland-Hood: I am sorry—I cannot pre-empt the announcement that is being made. I will be happy to return to the Committee and talk about it.

Q19 Chair: You raised the issue of attendance, which I am very interested to know about. In London, I believe attendance has been in most cases over 90%, on average, but outside London it is has often been a lot lower. I wonder whether you could tell me what the worst area for attendance in the country is. Do you have any figures on that?

Susan Acland-Hood: It has fluctuated very considerably over the course of the term—in the figures that were published last week, you can see that. There is not one place that has consistently been the worst for attendance. Essentially it tracks incidence of Covid. Over time, not at all surprisingly, the places that have had the highest levels of Covid have had the worst levels of attendance. But there is not a place that has consistently been the worst.

Q20 Chair: But you have all that data, so you know in a school and local authority area about the number of children who have not been able to attend school as much as others, so you have got an idea of that.

Susan Acland-Hood: Yes, we do.

Q21 Chair: Some pupils have had less face-to-face teaching than others by quite some distance, so it is not exactly a level playing field. Will you guarantee that you will be able to provide support and resources to schools so that children who have had to be absent more than others will get the support they need to catch up and level up?

Susan Acland-Hood: Yes. The £650 million that we have put out through the catch-up premium is there to support schools in helping children to catch up. Of course, we have also got the national tutoring programme going out, which we have focused particularly on the most disadvantaged pupils.

The other pattern you see in the attendance data, in part because it relates to Covid incidence, is that the most disadvantaged areas—not universally; it is a good time to live on the Isle of Wight—have seen more disruption than others. The catch-up premium and the national tutoring programme funding is—

Chair: Sir Geoffrey.

Q22 Sir Geoffrey Clifton-Brown: Ms Acland-Hood, my experience in my constituency is that the catch-up is extremely variable: some schools have been tremendously good at it and others have not. So how will you apply the catch-up premium? What will the criteria be? It is difficult to work out which schools have been good and which have not.



Susan Acland-Hood: So the overall catch-up premium—the £650 million—is a per-head amount going out to schools calculated at £80 per head for state mainstream schools and at £240 a head for special schools and alternative provision. That has gone out in a set of tranches across the year, and it is there for schools to spend. What we have done is ask schools to give an account of what they have done with it, and one thing that Ofsted has been looking at in its monitoring visits is how schools are using and planning to use the rest of their catch-up premium.

The national tutoring programme gives additional, targeted support for the most disadvantaged pupils and students, and will focus in particular on those areas hardest hit. There, we seek to grow the tutoring market because of what the evidence from the Education Endowment Foundation and others says about the effectiveness of one-to-one tutoring. But we see a market that is much more lively in the least disadvantaged areas, so the programme seeks to do two things: both to unite tutors and pupils in those disadvantaged schools and to grow the tutoring market for the future in the areas where it is particularly needed by disadvantaged pupils.

Q23 Sir Geoffrey Clifton-Brown: But money alone does not make things happen. How will you as a Department monitor which schools have done the job properly and which have not?

Susan Acland-Hood: As I say, it is one of the things that Ofsted is looking at as part of its monitoring visits. Through the national tutoring programme, we do have something that is both more targeted but also quite tightly specified, so the Education Endowment Foundation are running a programme that seeks to hold fidelity to the models of tutoring that are shown to work well. The third thing is that we have studies out in the field and schools looking at lost learning, which will give us more granular information about the extent and patterns of lost learning, which will help us to match the support to the places that most need it.

Q24 Chair: I want to touch on mass testing. We have talked about resourcing for catch-up and a lot of the challenges there, and this is another area. Mass testing is being administered by schools themselves—that is right, isn't it?

Susan Acland-Hood: Yes.

Q25 Chair: So it will require quite a lot of resource for them to do that, on top of the already additional resource they have got for juggling online teaching support for children at home and studying for those in class. Are you providing any extra resources to schools? Presumably teachers or school staff do not need to be doing this.

Susan Acland-Hood: The testing that was announced on Tuesday is regular weekly testing of secondary teachers and college teachers, and serial testing of secondary-age pupils in schools and colleges so that, if one tests positive, the bubble around them is tested and can stay in school rather than having to go home and self-isolate. We have piloted this in a number of schools over the course of the second part of this term. The first



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set of schools in the pilot had quite a lot of additional support to help them get going.

The latter schools in the pilot had significantly less support. We have also been standing this up in Blackburn with Darwen with less school support, so we have demonstrated how we can make this work. The challenge is to make sure that we have got a model that we can roll out nationally at scale and we appreciate that that kind of support for set-up is an issue. It is something that we are thinking about in the context, so that there are still conversations going on about further support and the mass testing arrangements. We will make sure that schools are helped and supported through training, through resources, to do this in a way that makes sense for them based on what we have learned through the pilot programme.

Q26 Chair: That is a lot of words, but does that mean they will get extra people or extra money to help do this, if that is what they need?

Susan Acland-Hood: The model for the testing that we announced on Tuesday does not involve extra people, no.

Q27 Chair: And not extra money.

Susan Acland-Hood: No.

Q28 Chair: So it is existing school staff who usually will be in a classroom, teaching or supporting, who will be doing this testing.

Susan Acland-Hood: Yes.

Q29 Chair: So when and how are they going to do that? Is it out of hours? What is the plan? What is the model that you have worked out with Blackburn and Darwen, and others?

Susan Acland-Hood: The first thing to say is that there are a lot of school staff at the moment helping to support the self-isolation of large numbers of pupils when bubbles go out, and we will reduce that burden by putting this in place. It is the same model that has been used in care homes and in universities, which have relied on their own staff as well. There has not been extra support for those, either. It is a relatively straightforward process.

Q30 Chair: Except that there is a high contact rate for teachers, and lots of schools were also shedding staff because of their budget problems, which we will not repeat today—so you have got staff with high levels of contact time. That means there is not the time. A lot of them are giving up weekends and evenings to do the testing and tracing, and hats off to them for that, but that is not sustainable long term. They cannot do that on a Monday or Tuesday if they have got year 7 and 8 to teach maths and physics, or whatever. Have you been talking to school leaders, to unions?

Susan Acland-Hood: Yes. As I say, we have worked through the pilots on a model that has reduced support as we have gone through, and we are communicating that. We have got materials that advise schools on how to do this.



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Q31 Chair: When you are talking to the bodies, are you telling them or are you engaging with them and actually having a conversation where they

help to influence the model that you are proposing to roll out nationally?

Susan Acland-Hood: We have certainly engaged with the schools in the pilots to help shape the model that we have rolled out nationally.

Q32 Chair: And what about the national bodies that can speak on behalf of all their members?

Susan Acland-Hood: I think it would be completely fair to say that national bodies would like more support than we have put in. Everybody, I think, would prefer—

Q33 Chair: But in terms of the engagement, are you having a dialogue with them, or are you telling them what is happening? We have had some evidence, actually, from the NAHT, today, for example, saying there is lots of last-minute advice—lots of information coming in at the last minute: very unhelpful. I won't quote it all because it is mostly about free school meals. Are you having a dialogue or are you communicating to them to communicate to their members what has been decided already?

Susan Acland-Hood: We are having a dialogue as far as we can. I do think, to some extent—again, I understand this comes back to the point about rapidity of implementation. The reason I wanted to talk about the mass testing programme earlier, when we were talking about lead times for announcements, is with the agreement and encouragement of all of our partners in the education system, for incredibly obvious reasons, we have been pushing extremely hard through cross-Government prioritisation processes, to get agreement to do much more testing in schools. So we really wanted to get this testing agreed. We were able to get the agreement, cross-Government, to the prioritisation of the test for schools, I think, very late last week. We then had a choice, which was we could communicate that as fast as we could, in order to try and get as much testing into schools from the beginning of next term as we possibly could, or we could take longer and delay the introduction of the testing into schools. Those are the choices that face us regularly.

Q34 Chair: You make it very stark. If at the point at which you were pressing for more testing in schools, you had also been talking to school leaders about how to do it—

Susan Acland-Hood: Indeed, we were. We were running pilots in schools through the whole of the second half of the term; and those are the pilots that we have used in order to design the model that—

Q35 Chair: We do need to get on.

Susan Acland-Hood: All I am saying is that there is a moment, where if you are not giving people very much notice, actually what they want more than anything else is clarity and a set of clear instructions. There is a balance.



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We have been having dialogue. We have been talking to colleagues in the representative bodies about the pilots. We have had people from the pilots talking to them, again through the course of the second half of this term, but there is a moment when you are asking people to do things where actually, what heads tell me is, "Look, just give me something I can sit down and do."

Q36 Chair: I have to say that it is unfathomable to most of us that a Friday night announcement would ever have been acceptable. It left headteachers in a spin. Headteachers are just tearing their hair out, saying, "I can't quite believe this." You are the Department for Education. I would have thought there would be somebody in the Department tuned into the reality of life in a school.

Susan Acland-Hood: As I say, you will have seen that there have been significantly fewer Friday night announcements.

Q37 Chair: Hats off to whoever managed to secure that, because it was unbelievable that anyone ever thought it was acceptable.

We need to move on to free school meals, which is what we are really here to discuss and which is also incredibly important and affects a very high percentage of pupils—up to a third in places like Knowsley, and quite a significant number in my own constituency of Hackney South and Shoreditch. It is very significant.

Ms Acland-Hood, as permanent secretary, can you just give us a summary of what you think worked and what didn't? Can you give us a feeling of how it went overall?

Susan Acland-Hood: I am happy to do that, and I might bring Sarah in as well, because she was here. I take accountability and responsibility—

Chair: But Ms Lewis was there all the way through.

Susan Acland-Hood: Sarah was actually there.

The first thing I would say is that if the Department had been asked in normal times to stand up a programme to provide free school meal vouchers to children instead of free school meals, I think we would have given Ministers an estimate that this is an activity that would take somewhere between 12 and 18 months to stand up, and we stood it up in 18 days. There were many things about it that could have been better.

The first thing I want to say is that there was an early period in the scheme where schools and parents experienced quite a lot of difficulty and disruption in getting access to the vouchers. That was really difficult for families who were already under pressure during what was a particularly swirling and confusing period, in all our lives, this year. I would like to apologise on behalf of the Department for all those parents who experienced that disruption.

Looking back at the way we did this, I think it was really good that we took lessons from other similar schemes that we had used, such as the period



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products scheme, which allows schools to order free period products for children, and applied them to this, given that we had to do it in very short order.

I actually think it was quite creative to take a supplier off the Crown commercial framework for employee support vouchers, which had some supermarkets on its books. It was again a bit perforce because we were trying to do it quickly.

I think there was some extremely good work carried out really rapidly over the early weeks of the scheme to effectively try and do sort of guerrilla user testing. We had been unable to do as much user testing in advance as you would normally do on something like this, so we really did try to learn the lessons and apply them back into the scheme as quickly as we could.

In terms of things that we could have done better, if you were doing it again, we would have tried to find a way to do more user testing before we started. Again, it depends a bit what your counterfactual is. If we were doing this in normal times, we would clearly do months and months and months of proper user testing before we turned it on. If you are saying, "What could we have done differently, given that we had 18 days to do it?", we have talked about this, and perhaps we could have said, "Let's get everyone in the Department to try using the scheme for the next two hours and see what happens" and try to do some sort of guerrilla user testing earlier.

I think we underestimated the extent to which parents and schools would want to talk to a human being about the system and its use. We could have pushed for more contact centre support earlier in the process. The model was that the first contact is by email and through the system and many, many more people wanted to phone up than we had anticipated.

We could have published more clearly and transparently the steps required for supermarkets to join the scheme. We did work with additional supermarkets to join the scheme before the first ones, but we didn't really early on have a "Here are the five steps to take if you want to join the scheme" that we could ship out to everybody. It was much more bespoke around those conversations.

The final thing is that we could have put a digital cap on orders, which we do for the period product scheme, to a maximum based on the numbers of FSM children. In general, schools ordered very reasonably, but a small number ordered way beyond their numbers, so we had to then go back and work them. A couple of schools had a misunderstanding and ordered on behalf of their universal infant free school meals children—in other words, all their infants—so we had to go back and work that through with them. We could have just put a ceiling on the number of orders, which would have stopped that happening and meant that we didn't have to unwind it afterwards.

Again, I could say a lot more if the question was about how this would be different if I were running it in normal times, but on what I could have done



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differently in the time available, those would be my four propositions. The user testing covers quite a lot of what led to the delays and difficulties.

Chair: Okay. It is just helpful to get an overview from your perspective. We recognise that it was done at pace and that there were a lot of challenges in getting something up and running. The NAO Report recognises that as well. If you do not mind, Ms Lewis, we will go straight to Mr Mackinlay to kick off for us, and we will probably come back to you at a later point on some of the detail of the scheme.

Q38 Craig Mackinlay: To Ms Acland-Hood, at the beginning when this crisis emerged, what sort of discussions were going on between yourselves and Ministers as to what type of scheme would fulfil the mission statement of—I can only imagine—getting good food to children who would not be being fed at school? What were the first blue-sky thinking choices available?

Susan Acland-Hood: I might bring Sarah in on this. We looked at a number of options, and there were four main ones. We looked at working with the Department for Work and Pensions and HM Revenue and Customs to do something through the benefits system—children were at home and being fed by their parents, so was an answer cash transfer through the benefits system? We looked at the possibility of making cash transfers to the Ministry of Housing, Communities and Local Government or directly to local authorities to fund local arrangements for supporting vulnerable families, enhancing or building on what eventually became the £63 million fund that was available through local authorities. We looked at providing cash for schools to distribute directly to families of eligible pupils, and we looked at a national voucher scheme.

I think it is worth saying that all those options were to run alongside the scheme of schools providing food directly to pupils. We had a set of options for schools. They could either take up that the voucher scheme or they could choose to use either their own catering supplier or a different catering supplier to provide parcels of food to children, and some schools did take that option. During the course of the pandemic, about 10% of schools at some stage used food deliveries or collections under their existing catering arrangements, and about 12% used food deliveries or collections under new catering arrangements. I should say that those were not exclusive; some of those schools will also have used the voucher scheme. That is the proportion of schools that used that sort of arrangement at any one time. The four options I outlined were specifically for those that could not provide food directly.

Q39 Craig Mackinlay: I would have thought that DWP had the network, the bank account details and the knowledge of who might be vulnerable and in receipt of benefits. Why was that discounted as a not-possible arrangement?

Susan Acland-Hood: I am going to ask Sarah to come in on this.



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Sarah Lewis: It is probably best that I come in, because I was very much there. That was our preferred option to start with, for exactly the reasons that you set out. The challenge we had was that trying to get to the exact families that were eligible for free school meals was going to be very complicated indeed. We could easily get a payment to all families on universal credit, as the Government did with the £20 uplift, but to get to the exact families eligible for free school meals would have taken at least six weeks and would have required legislation. In our view, that was an unacceptable amount of time to wait and would not have been quick enough for what we were trying to achieve. The other advantage of the voucher scheme is that it is more likely that the money would be spent on food, which was the purpose; we were trying to make up for the fact that children would not be receiving free school meals.

Q40 Craig Mackinlay: Is that a weakness in the DWP's data, that it would not be aware of who is in receipt of free school meals? How is that a different overlay of requirements or—

Sarah Lewis: I am sorry; I am slightly losing my voice. The DWP does not normally need to know, basically. It is us who need to know, in the Department for Education. We do not want to be sharing data back and forth in that very complicated way. Setting it up would have taken too long, in our view. Again, coming back to the lessons learnt, if we had our time again, maybe we would need to find a way to make that happen, but hopefully we will not be here again.

Q41 Craig Mackinlay: To go back to Ms Acland-Hood, we were just going the DWP route, but are now connected to local authorities directly for what they know, hopefully—that is the scheme we are now under, in phase 2, for the Christmas period. Why was that discounted in the first roll-out, that local authorities might know best who should be in receipt of some sort of uplift in money?

Susan Acland-Hood: Again, I will turn to Sarah to talk about the decision making at the time, but I will just say that with the scheme we are now under, the holiday-time provision is different from making an arrangement for remote-educated term-time. One of the reasons why we think that local authorities are the right route for holiday provision is that the origin of the free school meals scheme is about the provision of a meal to support children's learning while they are in school, and for holiday provision we wanted to get to a wider scheme that looks at poverty more broadly and can integrate with other families' experiences. Slightly different decision making relates to that. I am sure you will come to this, but I think that is why there were repeatedly—how can I put this— interesting bits of decision making about whether or not we were going to do something through what was framed as a school food route for holiday provision.

Sarah Lewis: All we were trying to do was to replicate as closely as possible the provision that children get which is due in term-time. That responsibility sits squarely on the schools, so schools have the responsibility to ensure



that eligible children receive a free school meal during term-time. That is what we were trying to replicate. Because we knew that more children would be out of school—that was not through anything of their choice, but because we were asking schools to close to most children—we felt that it was important to replicate as far as possible and, as the permanent secretary said, during term-time that responsibility sits with schools.

Q42 Craig Mackinlay: Okay, we have discounted that route. What about cash directly to schools? They are the ones, in the final scheme of vouchers, that were at the sharp end of this. Why not just transfer some cash to schools? That would have an elegance about it in terms of the number of transactions.

Susan Acland-Hood: We were a bit reluctant to make schools responsible for cash, partly for security reasons and partly because of the handling of money and face-to-face contact between schools and parents. If you remember, at that point many retailers were refusing to take cash because of the worries about cash and the virus. We did not really want to get ourselves into a position where we were at risk of contributing to the spread. Also, the practical and accounting challenges for schools felt quite significant to us, when we thought about them.

Q43 Craig Mackinlay: I was talking about cash as cash; I was not particularly meaning the folding stuff. Schools could have bought prepaid debit cardtype systems—there could have been a charged-up card, which schools could have bought by the tonne, to charge up with money themselves. Was that considered?

Susan Acland-Hood: We did not have any such scheme available to us that we could stand up in the time needed. Again, if there had been something sitting on the shelf that looked like that, we might well have reached for it, but I don't think—again, I will turn to Sarah—that we had something that looked like that to reach for, and to create it would have been the work of significantly longer than we had.

Sarah Lewis: Schools could have done that, and indeed they were able to do that throughout and to claim back costs via the exceptional cost fund. What was happening at that stage at the end of March was that we were very clearly hearing from school leaders that they wanted a national solution. They wanted that national solution, and that is what we tried to progress.

Q44 Craig Mackinlay: You went down a decision tree and you settled on a voucher system. Where did the sum of £15 come from? Where did that magic figure come from?

Susan Acland-Hood: The normal rate at which we fund free school meal provision in schools is about £11.50 per pupil. We recognised that that figure relies on economies of scale within school, so we needed to make provision for pupils that was above the £11.50 figure; we felt that £15 was a

reasonable uplift on that figure to account for the fact that parents would not have the same economies of scale as the schools do.

Q45 Craig Mackinlay: Okay. So was there some spreadsheet put together to come up with that golden figure, or how was it derived?

Sarah Lewis: No spreadsheets—we just essentially wanted to go a bit higher than £11.50. But we also landed in pretty much a similar place to where Wales, Scotland and Northern Ireland landed. Some landed a little bit lower than £15 and one of the countries landed a little bit higher than £15 a week. But we all landed in a very, very similar place in terms of the values—so, a little bit more than the amount that we paid schools, to allow for the economies of scale not being there, but not massively more.

Q46 Craig Mackinlay: Okay. Well, that's fine—you could have an abstract argument about whether it should have been £14.22, or £16.10. But how did you overcome concerns you might have had that a standard of good food is provided within schools? Much has been commented upon by various celebrity chefs over the years on such issues. How could you be sure that such replicated standards of quality food would come out of this system, in trying to get food into children who needed it?

Susan Acland-Hood: As Sarah has said, it was one of the reasons for preferring a voucher scheme over a scheme that delivered cash, because it was linked to food. But I think the true answer is we could not guarantee that the voucher would be spent on food that met the school food standards. That was one of those things that, in the circumstances we were in, it was very difficult to assure.

As I say, schools have the option of providing food parcels through their catering provider, and those would have met the school food standards. But that was practically challenging for many schools, and they were telling us that they could not do that in all cases and we needed to help them by providing a national scheme that would allow parents to get access at least to some food during this time. So, the truth is that it is one of those things that was compromised on, in order to make sure that we did get meals to children.

Q47 Craig Mackinlay: Okay, so we have settled on a national voucher scheme. Now, I know time was short—18 days and all that. There was consultation, I understand, with the Crown Commercial Service, because you are now looking for a company—some system—that could actually scale this up and you would have certainty that there would be penetration across the country. What were the thought processes on deciding who should get this contract? We obviously know that Edenred ended up with it. What consideration was made at that early stage?

Susan Acland-Hood: I am going to call on Sarah for this one.

Sarah Lewis: There are a number of voucher providers out there; there is a reasonably healthy market of voucher providers. We did have the ability to direct-award, we felt, and the commercial and legal advice we received



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confirmed that, given the very exceptional circumstances we were in, we could not possibly have foreseen that we would need this scheme in place. But what we were trying to do was to try and find a company at very short notice that had gone through a competitive process and had that due diligence done on it—the data security, the cyber-security and all the things that take place as part of that due diligence process—while going through a competitive procurement process.

Now, we were not able to run our own competitive procurement process because of the timelines, which is why we turned to the Crown Commercial Service and said, “Do you have anybody? Do you have anybody on a framework that has already been through this competitive process and already done the due diligence, that could possibly provide this service for us?” And there was only one company that met that bill, and that was Edenred. So that’s why we landed with Edenred.

Q48 Craig Mackinlay: So it was a choice of one, at the end of the day; it was the only one that came out as potentially having all of the features that you were after. Right.

If I can, I will now move on to Mr Vaucanson; thank you for coming today. Your company obviously gave assurances that you would be able to manage this contract around the country. Were you quizzed fairly hard as to your ability by the Department?

Johann Vaucanson: What is important for me is to remind you of what Edenred is. Edenred is a leading service and payment platform. We are connecting 50 million people with 2 million merchants. In 2019, thanks to our global technology assets, we were able to manage €41 billion of business volume. In the UK, we have extensive experience in the field. We have been based in the UK since the beginning of the '80s. We are a leading company in the space.

You must be aware that every year millions of people have access to our local platform. We are processing and distributing hundreds of thousands of e-gift cards and physical gift cards, but also vouchers, every quarter. We are managing millions of digital transactions per year on our employee benefit platform.

As well, we are supporting the reward scheme of some of the UK’s largest consumer-facing brands. At this time of the year, for instance, we are able to issue thousands of e-gift cards each day.

Q49 Craig Mackinlay: Okay. When the Government were speaking with you, the aim was that the Government would give you £15 per child and as long as that £15 then emerged when spent in goods at a supermarket, I assume everybody was going to be happy. The amount of discount that you were able to negotiate with your supermarkets was obviously a matter for you. Was that how it was constructed?

Johann Vaucanson: First of all, at no point in time did we try to benefit from this contract to renegotiate the arrangement with the retailer. So the



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conditions put in place were the existing conditions, in line with the agreement that we had with the retailer. We didn't even imagine trying to get the benefits of this contract. So the retailer never paid something else.

Q50 Craig Mackinlay: Okay. We started off, at the start of the scheme, with six supermarkets; I understand that they were supermarkets that you already had a relationship with. That was extended to 10 later on. Did you approach the other supermarkets at the earliest opportunity to say, "Well, here's this opportunity. We've got"—at that time—"£78 million of contracts and vouchers to distribute. Would you be interested in joining this scheme?" Was that discussion had beyond the six that you already had a relationship with?

Johann Vaucanson: To answer your question, I would just like to remind you of the context. We had only two weeks to start with this programme, which was of such magnitude that it was obviously exceptional and rare. In this context, to be able to be very efficient, it dictated us to start with the existing retailers with whom we already have a relationship and a contract in place. It was the case with Asda, Morrisons, Tesco and Sainsbury's, amongst others.

Since the beginning of this programme, we started to have a discussion with other retailers, because our objective was to increase the reach and also the choice for the families. By the way, the main objective was to be able to reduce the time for the families to reach the closest supermarket.

So we multiplied the discussion with a lot of other retailers, and we had just two key requirements. The first one was that the family must have the possibility when using the gift card of using it in each and every one of their outlets, to ensure a consistent experience.

The second key requirement was that the gift card must be distributed digitally. That was for two reasons: first, the speed of execution, and secondly, to ensure the security of people and to ensure that the logistics would be very simple, to avoid any kind of frustration or disruption in the scheme. After several discussions, we had the chance to welcome Aldi and McColl's on 27 April, followed by Iceland on 29 June, and the Company Shop at the beginning of July.

I would like to take the opportunity to thank them, because they demonstrated good responsiveness and adaptability in joining a scheme of this size very quickly. You must understand that for a retailer to launch its own e-gift card solution in such a period of time is quite a challenge, so I would like to really thank them for being able to join us—two of them in just one month, and two others in less than two months.

At the end of the scheme, I was pleased that finally, because the network had increased, we were able to cover 82% of the UK grocery market. That is not 100%—it could have been better—but in a very short period of time, it was a good achievement.



Q51 Craig Mackinlay: I am quite curious about the original six that you already had a relationship with. Obviously, your business was infinitely smaller before this contract came along. You had a discount in place with those six, and you did not negotiate a better discount. I am very surprised, because you were then entering the market with bigger pockets to offer, but you could not negotiate a better discount for yourselves.

The second part of this question is: when you extended your reach to those other supermarkets, did you manage to get a better deal for yourselves than you had with those existing six, because you were now armed with pockets full of cash to direct towards their stores?

Johann Vaucanson: Thank you for your question. I will be very clear on the answer. At no point in time did we try to benefit from the size of this contract to renegotiate a better offer with the retailer. Our ambition, as mentioned by the permanent secretary—the major challenge that we had in front of us—was the time to implement such a plan.

Normally, implementing a programme of this magnitude takes months and months, to be sure about its capacity to deliver. It was only two weeks. Our first concern was to be able to deliver the vital support that families were waiting for, especially during this difficult time. We tried to concentrate all our efforts on that. The first objective was not the profitability of the contract, but to be able to deliver what we committed to deliver with the Department. So at no point in time were we negotiating.

Q52 Craig Mackinlay: Finally from me, looking at the accounts of the various Edenred companies, you have quite a few. You have Edenred (Incentives & Motivation) Ltd, Edenred (Employee Benefits) Ltd—you do not seem to have any turnover in those—and Edenred Corporate Payment UK Ltd. There are probably a number of other group companies.

Looking at the consolidated group accounts to 31 December '19, which are obviously the last ones available, you had a consolidated group turnover of £11.4 million. Obviously we will not see the full picture of what that turnover has escalated to over the course of this year with these new contracts, but no doubt we will be able to extrapolate the level of profitability considering where you were and what you have become over this year.

Would you like to give the Committee a broad outline of the percentage discount that you were managing to get from these supermarkets? This is no criticism; you are a corporate entity and best of luck to you. We will be able to extrapolate that when your accounts are published, but perhaps you would like to give us a little heads-up on what that percentage might have been.

Johann Vaucanson: What I would like to say about that is that, as you know, we are a listed company, so unfortunately we cannot release any kind of commercial arrangement that we have with a retailer; that information is confidential between Edenred and its retail partner. For your information, obviously we had a discussion with the Department about that, and it



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received all the necessary information with full transparency, in line with our agreement.

But I would like to come back to one important element. This important element is that, in fact, we never draw on public finance. That means Edenred supports all the costs to build, implement and roll out the platform, and all the costs to improve the performance of the platform. This is what we did. We knew the challenge at the start, and we really turned it around. All these costs have been supported by Edenred. That means that, as evidenced in the NAO Report, we never ask for anything linked to the delivery of the service to be supported by the public purse.

On top of that, and in line with the contract that we have with the Crown Commercial Service, we had a rebate of 1%. That means we sent back to the public purse £3.8 million. What does that mean? It means that we were able to deliver what has been ordered by the school and used by the family. The cost of what has been distributed so far has been only 99% of what the family receive. This is the reality.

Craig Mackinlay: Okay, that will do for me. Thank you.

Q53 Sir Geoffrey Clifton-Brown: May I go back to a couple of points that you have just made? The £3.87 million or £3.84 million—was that the fee to the Crown agents?

Johann Vaucanson: Yes.

Q54 Sir Geoffrey Clifton-Brown: Was it £3.87 million or £3.84 million?

Johann Vaucanson: It was £3.84 million.

Q55 Sir Geoffrey Clifton-Brown: Thank you. On Mr Mackinlay's questions about the discount with the supermarkets, did you have individual arrangements with individual supermarkets, or were they the same for all of them?

Johann Vaucanson: No, we had individual arrangements with each and every supermarket.

Q56 Sir Geoffrey Clifton-Brown: Perhaps I can come to you, Ms Lewis. You awarded this contract in three different tranches: on 26 April, £78 million; on 24 June, £234 million; and on 31 August, £425 million. The NAO helpfully sets this out on page 15, figure 3. I applaud your Department, and I heard what your Permanent Secretary said about getting this up and running in time. I can appreciate that the first of those contracts—the £78 million—was difficult for both you and Edenred. But given that it was not a competitive tender—you had an open book arrangement with Edenred—did you at any stage of any of those three contracts seek to work out what profitability it was making?

Sarah Lewis: Not at that stage. As you just heard, we know how much profit Edenred has made now. At that stage, we did not. The arrangement and contract that we had meant we were not paying Edenred anything to run the scheme—and it is not uncommon, also, for Government not to be



sighted on profit when we have contracts. Our focus was always on trying to make the contract run as well as possible, and that was always our focus for that.

Q57 Sir Geoffrey Clifton-Brown: I understand that—obviously when you were first getting it up and running on 26 April. But by 24 June, when you awarded the next tranche—it was quite a considerable increase, from £78 million to £234 million—did it not occur to you that you might want to look at Edenred’s profitability to see whether you could negotiate a better deal?

Sarah Lewis: Well, the deal is the deal that was in the Crown Commercial Service framework, which is the one we sent back. Perhaps we could have spoken to the Crown Commercial Service about that, but at the time, as I said, our focus was entirely on trying to get the service running as well as possible.

Q58 Sir Geoffrey Clifton-Brown: So just to be absolutely clear, there was no consideration at either the second extension or the third extension of altering the terms of the deal?

Sarah Lewis: Alternatives within the contract, no. We did negotiate with Edenred an agreement within the contract that we would not pay a charge for the vouchers that were cancelled.

Q59 Sir Geoffrey Clifton-Brown: But that was common throughout all three contracts, wasn’t it?

Sarah Lewis: Yes.

Q60 Sir Geoffrey Clifton-Brown: I understand that, and you didn’t pay Edenred for any of the cost of the update of their IT and so on.

Sarah Lewis: No, they did that.

Q61 Sir Geoffrey Clifton-Brown: Considering that, by June, the contract was working reasonably well, this was quite an increase. Did you not have any discussion with Crown agents about whether the terms of the contract should be renegotiated?

Sarah Lewis: I am not aware that we did, no. Our focus was entirely on trying to make the contract work. As you say, it was working well by that stage, but we were still trying to focus on the quality of the contract.

Q62 Sir Geoffrey Clifton-Brown: Ms Acland-Hood, does it not strike you as slightly odd, on behalf of the taxpayer and looking at value for money, that it didn’t at least occur to you to try? If you had been able to, this would have been a commercial deal. Did it not occur to you that you might try to renegotiate the contract? This was quite a lot of money by that time. We were up to £234 million, and eventually £435 million. This is a big chunk of taxpayers’ money. Did it not occur to you that you might try to renegotiate?

Susan Acland-Hood: I think that, as Sarah said, if we had our time again, it is certainly something we should have looked at, although the contract



was continuing to improve. Everyone is familiar with the timecost-quality triangle, and we had been quite focused on the time and quality elements—I think it is fair to say that we were continuing to push Edenred at that stage on the quality and trying to make sure the experience, as we expanded further, was going to be good. They were continuing to invest. We could see them investing in the systems, and we knew we weren't paying for that. To the extent that we were asking the question, "Is there more to be got out of this for Edenred?" it was visible to us that they were continuing to invest at their own expense in the activity of the contract. I think that is a fair point, and it is something that we can take away into lessons learned.

Q63 Sir Geoffrey Clifton-Brown: In that time schedule, for the first one you had very little time—18 days—but from 31 March to 31 August, you would have had time to run a competitive tender, which would have put a lot of pressure on Edenred to produce—

Sarah Lewis: We would have done if we had known that we were still going to need the contract by that point. I have to say that at the time that we did the initial contract—it seems strange, looking back now—we thought that schools might be back up, open again and operating as normal by the end of that contract, and that is why it was only a shortterm thing. Clearly, the pandemic didn't play out in that way at all, but there was never a time during that contract that we thought, "Right, now is the time to start a 12-week competitive procurement process." There was never a time during that contract when we thought there would be a longterm commercial opportunity for anybody. Indeed, there wasn't a longterm commercial opportunity: it finished in August. I can't think of a time when we would have been able to say, "Ah, actually now we can pivot to do this instead." That did affect our decision making.

Q64 Sir Geoffrey Clifton-Brown: Ms Acland-Hood, I know this Covid pandemic has been very difficult for all Departments and all permanent secretaries to deal with, but it slightly strikes one—this goes back to the Chair's questions at the beginning—that there was a little bit of a lack of forward thought and planning by the Department over this whole episode.

Susan Acland-Hood: I do think it is important to try to think ourselves back into how everybody was working and responding in March, April, May and June. It does seem extraordinary now, but we did all think that this might be a month-long or six-week-long lockdown, rather than a ninemonth-long experience. I think there are probably lessons to learn across Government and society about that, but I don't think the Department was unusual in thinking that. We did plan ahead, to the extent that we made sure we knew we had the facility to extend the contract, as we in the end did. It is just that it was very difficult; there wasn't a point where there was 12 weeks' worth of stable position to do contracting on.

Q65 Sir Geoffrey Clifton-Brown: Mr Vaucanson, were you surprised that these further tranches were just awarded without any attempt to renegotiate with



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you? Wouldn't you have expected a customer worried about taxpayers' money to have tried to negotiate?

Johann Vaucanson: From the beginning, it was clear that Edenred did not try to draw from the public purse. That means that we positioned ourselves with a solution that already existed. We did not try to get more benefit out of that; we were already giving back a 1% rebate to the public purse, so whatever was distributed, the cost to the public institution was only 99% of what the family received. We are not surprised by the fact that it did not come back to us for that element, but it is clear that the negotiations that we had with the merchant helped to accelerate the development, to improve the performance of the platform and, in the end, to deliver what has been a contract of exceptional magnitude. I am not surprised by that, because the Government were not really paying anything towards the cost of managing the programme.

Q66 Sir Geoffrey Clifton-Brown: I will try one more time. I am surprised, on behalf of the taxpayer trying to get value for money. A £78 million contract is a very different thing from a £425 million contract. I accept the pandemic, the changes and everything else, but I would have expected an intelligent buyer to have at least tried to renegotiate with you. Would you not, in a normal commercial situation, have expected a buyer to renegotiate with you?

Johann Vaucanson: Obviously, we were not in normal circumstances. What was affecting the whole country was also affecting Edenred. All our team was working remotely, and building a project of this magnitude with people working from home was quite a big challenge. It meant that we really concentrated our efforts without sparing any kind of investment, to ensure that the project could become very successful. A big majority of the team was working on the project to improve performance. We had the support of the group IT department, but we also used external IT consultants to help us drive improvement in the performance of the platform. We did our best without sparing effort or investment.

Q67 Chair: Thank you for that. I want to move on to the performance of the scheme, and I think we can be quite quickfire. We have had a useful discussion about why and how you went about this. I think Sir Geoffrey's consternation about the increase and the lack of negotiation is because that is something that we were concerned about when preparing for today.

I want to ask you about the beginning of the scheme, Mr Vaucanson. You were called in at short notice and told about certain information that you would be getting—email addresses, data and so on. From your perspective, what went wrong at the start? What difficulties did you encounter that you were not expecting?

Johann Vaucanson: Thank you, Chair. When explaining the challenges of the scheme facing those early weeks, I think it is helpful to provide the appropriate context. You know that we launched the scheme in just two weeks, to get vital support for families onstream as quickly as possible.



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Normally, launching that kind of scheme would take several months, but we simply did not have—

Q68 Chair: What were the particular challenges that you faced because of the speed at which you needed to do that?

Johann Vaucanson: In the first week of the scheme's launch, more than 16,000 schools were registered, and we received more than 37,600 orders. On the challenges that we faced, the number of orders affected the global performance of the system.

Q69 Chair: How much more was that compared with what you expected?

Johann Vaucanson: It was difficult to estimate the level of take-up. We had several discussions with the Department. We took the available census data at the time—the 2018 figures, which showed 1.3 million eligible children—and we had the number of schools, and we tried to estimate what the take-up of the project would be. When we discussed it with the Department, we knew from the beginning that the national voucher scheme was an alternative only in case the school was not able to use the local arrangements, so we were the second alternative for those schools. When we discussed it with the Department, we understood that in their view—

Chair: You'd be the add-on.

Johann Vaucanson: They expected more schools to join than less. So we were somewhere between 50% and 100% of the total potential. We built on 100% of the potential to structure and resource our platform. From that time we were thinking that it was in line with the guidelines that we gave to the schools to place one order per week minimum and even to place one order for multiple weeks, so we estimated early at the beginning that even if we reached 100% penetration, we would receive between 15,000 and 20,000 orders a week. The first week itself was 37,000.

Q70 Chair: So it was a lot more than you expected. In terms of the data you received, obviously you got the email addresses for schools, and then schools gave you the email addresses for parents. What were the problems with that data?

Johann Vaucanson: I would like to thank the Department for that. We discovered from the beginning that in the list of the 22,000 schools, to manage the platform we needed to have one contact, one school administrator, to be able to place the orders. It is a question of security.

Q71 Chair: Yes, we know why. That is what you needed. Did you get that?

Johann Vaucanson: We got the list, but we discovered that within the list a lot of school administrators had changed. We got the validation from the Department. We built a specific process. For any kind of change in school administrator, we built a specific process to be sure that we were able to validate. We defined the criteria for the auto-validation criteria with the Department. When this changed the validator automatically, the schools would be able to receive a welcome email in 48 hours. If the criteria were

not met and we had to refer to the DFE, the welcome email was sent in five days. For your information, in the first two weeks we received the form 2,500 times, and at the end of the programme it reached 6,100 times. That means 6,000 schools had changed their administrators.

Q72 Chair: Which brings me to Sarah Lewis. It is not exactly a surprise that it is difficult to get the one email address that you need. Did you not anticipate that there might be some challenges with your central lists, or did you try and do that through local routes?

Sarah Lewis: The central list was building on the experience of the period products portal that launched in January last year, which was up to date at that point. By March, clearly quite a lot had changed, and then more changed over the course of the scheme. That is probably not particularly surprising, given that people move on and so on. The reason we went down the route of a single email address per school was for security reasons.

Q73 Chair: We are not debating the idea of a single email address. It is difficult for the contractor, to be fair. That was the data that the Department gave Edenred. A lot of the problems stem from that not being accurate, and then there were later inaccuracies with other email addresses, because for schools it is also a nightmare to collect up-to-date email addresses for the parents who have them. Did you consider that there might be a problem with that data being out of date? Did you consider other ways of getting those key email addresses to Edenred, perhaps through local authorities or even multi-academy trusts?

Sarah Lewis: We knew that was a risk but, as I said, we were pretty confident that they were up to date as of a few weeks earlier. These things do change.

Chair: A few weeks earlier?

Sarah Lewis: January. And these things do change over time. We worked really hard to go back to schools with Edenred to check and try to find out what the latest data was.

Q74 Chair: You were doing that centrally from the Department. You did not ask the local education authority to get an email address that was up to date from each of their schools.

Sarah Lewis: We worked directly with schools to do that.

Q75 Chair: That seems quite an extra task. The education authorities or the academy trusts might just have the up-to-date list.

Sarah Lewis: They might do in some cases, but what we did not know was which email address the schools wanted to use in order to do the ordering.

Q76 Chair: So you had a team of people phoning schools.

Sarah Lewis: We didn't have a very large team of people phoning schools.



Q77 Chair: Okay. Just talk us through how you practically went back to schools to get the right email addresses. I am interested.

Sarah Lewis: That was one of my team, so I would have to write to you on that. It wasn't me personally; it was my team.

Q78 Chair: Was it a man or woman from the Ministry saying, "I'm just ringing, headteacher, because we need an email address"?

Sarah Lewis: In some cases, we were phoning directly. I don't think going through local authorities would have worked either, because we needed to know what email address the school wanted to use.

Q79 Chair: Really, the point about this is that it seems to me that data is always a problem in Government. This is up-to-date data. It is quite hard to keep up to date but, nevertheless, you are the Department for Education and in a pandemic, so there must have been other issues around not having that data up to date.

Sarah Lewis: Sure, but the email addresses that we held for schools were not necessarily always the same ones they wanted to use to order. That was the issue. We might have an email address that we hold in order to send them information, but they might say to us, "Yes, but I want this email address for the orders."

Q80 Chair: That sounds like a lot of confusion.

There were issues around Edenred's performance. Mr Vaucanson, you talked about putting more resources into your IT to get responses. Did you not consider that your platform was quite small? The amount you have earned from this compared with your turnover is quite significant, so the investment that you put in at your own cost is potentially investment for the future. I am not knocking that you did it, but you are going to get some benefit from it. Did you not consider that you might have a struggle to cope with the number of calls and queries coming in?

Johann Vaucanson: Coming back on the development that we did on the platform, I can tell you that today, after all the development that we did, the capacity of the platform is 300 times superior compared with what it was—

Q81 Chair: Now, yes, but at the time when you took this on, you knew the size and the capability of your platform. You must have anticipated that there might be some challenge.

Johann Vaucanson: The anticipation on that is what I was explaining. We estimated that we would receive around 15,000 orders and we had no problem managing 15,000 orders at any point in time. The problem is that it reached 37,000 and that is why we had to invest much more and to develop the robustness of the service.

Q82 Chair: Going back to you, Ms Lewis, because you were in the hot seat at the time, in terms of the data—the proportion of calls answered and so on—



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there was, I think, a five-day delay at the beginning and it has now gone down to a fifth of a day, so a few hours. Were you looking at that in real time and monitoring Edenred's performance, given that this was quite a novel set-up?

Sarah Lewis: We were. It was. We started collecting twice daily MI from day one, 1 April.

Q83 **Chair:** From day one.

Sarah Lewis: Absolutely. We were doing daily phone calls from day two, 2 April. What we did, though, over the time—

Q84 **Chair:** What data were you collecting? The NAO said that you only collected data on the proportion of calls being answered from 11 May.

Sarah Lewis: Initially, all we collected data on was the number of orders from schools and the number of e-gift cards that were being ordered by parents.

Q85 **Chair:** So that is volume.

Sarah Lewis: Yes. And then also the contacts.

Q86 **Chair:** Not performance data.

Sarah Lewis: No. It helped us get a sense of what the volume was. Part of the reason why we didn't collect performance data straightaway is because we knew, going into the scheme, that it was going to be unbelievably rocky. We knew that because of the time period that we were setting it up in and the fact that we hadn't had the chance to do the user testing. Over time, we did start collecting more and more data, including those statistics—

Q87 **Chair:** Okay. Edenred has a computer system with algorithms and things that can track things. Did you not consider just asking for regular reports on that performance—how quickly they answered the phones and so on?

Sarah Lewis: We discussed with them in the telephone meetings, but no. We started collecting more performance data from the middle of April and more again over time. The data that you see in the NAO Report is among the data that we collected, which shows the average of just under five days—

Q88 **Chair:** Was there a reason you didn't start collecting that performance data from the beginning? This was a contract awarded without competition in abnormal circumstances. In the end, it ended up being a very big uplift to the turnover of a relatively small company getting a very big contract—doing very well out of the deal, in terms of its business and future opportunities. Yet you were not collecting that performance data.

Sarah Lewis: I think in those first few weeks we were just in crisis mode. We were trying to manage it through conversations. Our Secretary of State spoke to Edenred in the middle of April. We were trying to handle that—



Q89 **Chair:** How big is your team, Ms Lewis?

Sarah Lewis: Six people at the height.

Chair: Six people, at the height.

Sarah Lewis: Yes.

Chair: I have to say hats off to you, which we don't usually say on the Public Accounts Committee. That is quite extraordinary. We like data on this Committee and the earlier the data is collected, the easier it is to look at problems and sort problems out and learn from them.

Q90 **Olivia Blake:** This question is for Mr Vaucanson. Why did you not discover until May that 40,000 emails with eCodes had not been delivered to families?

Johann Vaucanson: Thank you for your question, Ms Blake. It is linked to our improvement programme. In fact, to accelerate the performance of the platform, we implemented another module of automatic eCode sending to the families. From the start, we were building this second module to accelerate our capacity to deliver the service. We implemented a solution to ensure that the email is well received. We discovered with this new module, which was implemented in the beginning of May, that 40,000 eCodes had not been delivered because of the wrong email address. In a few days, we built a new process, which we proposed to the Department, in order to better communicate with the schools and ensure that they must be aware of this kind of problem and we helped them to identify where the email addresses were incorrect.

At the end of the programme, we had communicated with 9,800 schools and we identified 134,000 eCodes that were not properly delivered, because of this incorrect email address. When we look at our database, it has affected around 36,600 families, unfortunately, who have experienced some delay in receiving their financial support. From day one, when we identified this problem, we worked tirelessly with my team in collaboration with the Department, to put in place a solution to support the schools and to highlight this problem.

Q91 **Olivia Blake:** If you hadn't implemented the new component, would you have discovered this issue in May, or would it have taken longer to discover it?

Johann Vaucanson: We would have discovered it at the time, because we would receive a lot of emails mentioning, "We don't understand; we didn't receive our eCode." Because we were hearing some noise, we built this option in this new module.

Q92 **Olivia Blake:** Did I hear you correctly? You said 140,000 eCodes were not delivered as a result of this.

Johann Vaucanson: 134,000 eCodes were not distributed.



Q93 Olivia Blake: I am just trying to understand. Do you think this was down to human error at the schools' end, or was it a system issue? What was the delay and the effect on families that had to wait? How long did they have to wait to get this resolved?

Johann Vaucanson: First of all, I do not want to try to find who is responsible for this problem. For me, it was key to find a solution, to ensure that the family would get the support that they needed as quickly as possible. We did our best to build a new process to support schools identifying this potential problem.

Q94 Olivia Blake: How long did it take for the vouchers to then get to the families that were then affected?

Johann Vaucanson: When using this second module of automatic sending, obviously, we automatically discovered where we had some challenge. That means that we informed the schools the day after or even the same day that some of their eligible children will not be able to receive the eCode, because we had an incorrect email address.

That means the school had two possibilities that were built into the platform: either to cancel one and place a new order with the proper email address, or, eventually, to print the eCode on behalf of the family and deliver it to them directly. In principle, because the schools were receiving the information very quickly, they had the capacity to react very quickly to deliver the eCode to the family.

Q95 Olivia Blake: Thank you. Moving to Sarah Lewis, clearly there was a lot of pressure on the voucher scheme. In some of the evidence, people have said that they had to get up in the middle of the night to access the website at some points. What action did you take to reduce the pressure on the voucher scheme?

Sarah Lewis: What we found was that, as Johann was referring to earlier, what we thought were clear instructions were clearly not clear enough at the start. The system would work, we thought, if schools uploaded all the orders at once on to a spreadsheet for that week or that fortnight and submitted it in one go.

What we found was that quite a lot of schools were doing individual orders, and if you did 100 individual orders, that would take up 100 times more system capacity than doing one order with 100 things on the spreadsheet. Clearly, with hindsight, given that quite a lot of schools did that, that meant that our instructions were not clear enough from the start. That comes down to the lack of user testing again, I am afraid.

What we then did, working with Edenred, is constantly updated the guidance and did really proactive communications—the headteacher unions were helpful to us in supporting those, as were other sector organisations—to say, "Please, please, please, when you do orders, do bulk orders, because



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then the system can cope." That was a big part of what we did to try to make the system work better.

Then, as Johann referred to, things like when the email addresses bounced, that was again in response to feedback. We looked into every single concern or complaint that was raised with us. That came in response to schools saying, "We've definitely processed this order," and parents saying, "I haven't received my voucher." We tracked it all back, put the bounce facility on the emails, worked out what had gone on, and then moved quickly to resolve that. There are lots of things with user testing such a live experience in a way that you never normally do, but we just had to constantly update the guidance and really make it much clearer.

Q96 Olivia Blake: Do you think all that information has given you a good understanding of what impact the issue with the scheme had on families and access to food in that period?

Sarah Lewis: Yes, we very much heard all that feedback. We tried to respond as much as possible. Some of the things we did were, for example, for families who could not access the Edenred site because they were struggling with the technology or whatever, we enabled schools to print out the vouchers and send them to parents. We also worked with mobile phone companies to zero rate the Edenred website and most mobile phone companies agreed to do that. That meant that families did not use data when they went on the Edenred website to try to download the eCodes.

Essentially, in response to every bit of feedback we got, we looked at our systems and we improved them. As you will see, by the end of the scheme, certainly from mid-May onwards, it was running very successfully, but those first few weeks were undoubtedly not anywhere near where we would have liked them to be.

Q97 Olivia Blake: We have asked about the alternatives considered, but obviously DEFRA gave a huge amount of funding to provide food for the most vulnerable during the crisis, which was then done through local authorities to deliver packages to the clinically vulnerable and other people. Did you ever consider that it would have perhaps been a better use of resources to have locked on to that scheme for those who needed to receive support?

Sarah Lewis: We did look at that. One of our concerns at the time was just how much was being asked of local authorities from across Government at that particular time and the burden that was falling on them. That was a big part of our decision making not to go down that route—how much different Departments were asking of local authorities all at once at that time in March.

The other factors, which I have referred to previously, include that the responsibility does fall on the schools, legally. We wanted to follow that route for that reason.

Also, around stigma, not everybody wants to receive a food parcel on their doorstep, whereas with an e-voucher, nobody knows whether you are on free school meals. Any one of us could have an e-voucher; we can just go in and show our phone in the supermarket. There is something quite unstigmatising about that that felt important to us.

Chair: Thank you. We will leave that there for now. I will go back to Sir Geoffrey Clifton-Brown.

Q98 **Sir Geoffrey Clifton-Brown:** Ms Acland-Hood, I have been reflecting on your and Ms Lewis's answers about not renegotiating this contract. This was an open-book contract, and you have told us that you know how much profit has been made. First, who was your commercial lead on this? Did they at any point advise you that you should seek to renegotiate the terms of the contract?

Susan Acland-Hood: We worked with commercial colleagues in the Department and we continue to work with the Crown Commercial Service. I am going to have to turn to Sarah on whether—

Sarah Lewis: I am not aware that we were ever advised.

Q99 **Sir Geoffrey Clifton-Brown:** It is such a vital point. Could you drop us a note on this?

Susan Acland-Hood: Certainly.

Q100 **Chair:** So, Ms Lewis, there were six people in your team who were all education—

Sarah Lewis: Education policy team on free school meals. In addition, obviously, we call on analysts, commercial colleagues, communications colleagues and so on who work across multiple briefs—

Q101 **Chair:** Yes, but basically there were six of you. Do you normally negotiate contracts?

Sarah Lewis: We do manage contracts. We absolutely manage contracts all the time.

Susan Acland-Hood: But we also had dedicated commercial colleagues working on it.

Q102 **Chair:** Okay. How many of them?

Sarah Lewis: We would have to write.

Susan Acland-Hood: We will have to write. It is a function that works across the Department—

Q103 **Chair:** It would be helpful to be clear on that.

Susan Acland-Hood: We would have had a lead and then called on people based on specialism.



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Q104 **Sir Geoffrey Clifton-Brown:** What I would like you to cover in that correspondence is whether you were advised that you should seek to negotiate that contract or whether you decided for expediency reasons not to pursue that. That is what I would be really interested to know.

Susan Acland-Hood: I understand the question and we are very happy to do that.

Q105 **Sir Geoffrey Clifton-Brown:** Given that Cabinet Office guidance says that in open-book contracts, transparency is absolutely the key—I accept this was in the middle of the pandemic and you had emergency powers, but I still think it is a reasonable question in terms of transparency to ask—what was the profitability of this contract at each stage?

Susan Acland-Hood: I am very sorry, but as Mr Vaucanson has said, there are commercial confidentiality concerns that mean I can't tell you what Edenred has told us about their profitability. However, they have shared some information for us about the costs that they put into the scheme, which they would be comfortable to share with the Committee only, outside this room—not publicly. They are happy for us to share that with you separately, if you would like to see it.

Q106 **Chair:** We will certainly take that. Sir Geoffrey's point is not just about the costs. It is about the discount rate that you had on each voucher, Mr Vaucanson. If you had a higher discount for some supermarkets than others, that means you are making more money on those vouchers, obviously. Is there any information you can share with us about those discount rates?

Johann Vaucanson: As a listed company, we cannot reveal any kind of commercial arrangements.

Q107 **Chair:** You had a discount on every voucher for every supermarket. Each supermarket chain provided you with a discount.

Johann Vaucanson: Yes. That has been highlighted in the NAO Report. Yes, that is the model.

Q108 **Chair:** Yes. You described earlier the way that it cost the taxpayer 99% of the 100% cost in a sense. I just want to be absolutely clear, on the record, that of course you did make a profit on the cost of the vouchers.

Susan Acland-Hood: May I say two more things on this? I do think it is relevant that more in value was delivered to parents and children to spend on food than exited the Department and it is difficult to see other means by which we could have achieved that.

Q109 **Chair:** I think the NAO Report lays that out very clearly. We have gone through the options.

Susan Acland-Hood: Indeed. The second thing I would say is that what I can say in respect of what Edenred have been able to share with us on their profit is that, as accounting officer coming into the Department and looking

at that, I am very comfortable with the level of profitability in this contract. It does not give me any cause for concern.

Q110 Sir Geoffrey Clifton-Brown: Let's change the subject a little bit. Ms Lewis, I am concerned about what the vouchers were actually used for. What safeguards did you insist on with Edenred—and indeed their customers, the supermarkets—to prevent age-related products being purchased, such as alcohol and medicines?

Sarah Lewis: This is a real balancing act, because, again, we were trying not to stigmatise. We were trying not to issue separate vouchers that said on them, "Free school meals", and that could be used only for particular purposes. What we used were the vouchers that Edenred normally used for everybody else. An important part of the scheme was the lack of stigma.

We were clear all the way through that the vouchers should not be used for age-related products, including alcohol and cigarettes. We were clear in all our communications on that. Our Minister held a meeting with the supermarkets that were part of the scheme, and sent communications to them, to reiterate that message. It would have been impossible, I think, to have put an absolute blocker on anything like that, because parents were typically going into supermarkets and spending their own money, and using the voucher as part payment. For that reason, and because the vouchers were the same vouchers as usual, I think it would have been impossible to do a complete block.

Q111 Sir Geoffrey Clifton-Brown: I will bring in Mr Vaucanson, who I think wants to come in, but I first ask one other thing: you may have been clear that supermarkets were not going to transgress your aims, but what was there to stop someone giving a voucher to somebody else for the money that it was worth, or for less money than it was worth, so that they could get the cash and go off and buy the booze, cigarettes or whatever?

Sarah Lewis: This comes back to the discussion we had earlier about whether we went down the benefits route, the cash route, or the voucher route. The voucher route does not preclude the scenario you set out, in which somebody—

Q112 Sir Geoffrey Clifton-Brown: Sorry, can I be clear about this? The voucher—

Sarah Lewis: A parent could, theoretically, trade the voucher for cash; but equally, parents received cash in many areas under the devolved Administrations, and would have done so if we went down the benefits route. That is the same thing, isn't it? What we were trying to do through the voucher route was make it as likely as possible that it was spent on food.

Q113 Sir Geoffrey Clifton-Brown: I will ask Mr Vaucanson exactly the same question, but do you have any evidence that that occurred?



Sarah Lewis: We heard rumours, but nothing more than rumours. I am quite confident that parents will typically want to make sure that their children are fed and looked after.

Q114 **Sir Geoffrey Clifton-Brown:** Mr Vaucanson, presumably your IT systems would pick up somebody trying to present a voucher that was not in the name of the person to whom it was issued. Did you pick up any of this behaviour, which would really amount to fraud?

Johann Vaucanson: At this level, we cannot see what is happening. Up to a certain level, we have full visibility of the system—of our role and the platform. The objective of our platform is to distribute an eCode to families. We manage that full process, and we know what the eCode is used to buy. After that, the family receives a gift card, but that is entirely the supermarket's solution; it is not our solution. We are not integrated into the supermarket's IT system, and so cannot control that. We control up to the delivery of the eCode.

I would like to come back on one principle. You had a question for the Department about evaluating the options: cash, voucher, etc. With cash, the level of control is zero. The advantage of a voucher system is that we have much more control, because a voucher system is what we call a closed-off system. That means that you cannot use your voucher outside the network. If people can use their pre-paid solution only inside the network, you have more capacity to communicate with the network, and to explain to the network the rules attached to the solution, even if you are not able to control 100% of what is happening. We issue all the guidance and communication to ensure that we decrease the risk as much as possible.

Chair: Which is one of the reasons the Department chose this route.

Q115 **Sir Geoffrey Clifton-Brown:** Did the Department specify in any of the contracts that there should be—or did you, of your own volition, do—any spot-checks in every one of those 10 supermarkets, to make sure of how the vouchers were being used? Did you do any mystery shopping, for example, to test the system and see whether you could buy alcohol?

Johann Vaucanson: Yes, we did regular mystery shopping, just to check the performance and evolution of the system—to check when people were ordering; when families received the eCode; when the family went to the redemption platform; after how much time they received their gift card. We had regular mystery shopping action, and we shared the result with the Department. We did mystery shopping in the supermarket to see what it was doing, in terms of acceptance.

Q116 **Sir Geoffrey Clifton-Brown:** And was compliance 100% on all your mystery shopping?

Johann Vaucanson: I cannot evidence 100%. As I said to you, the e-gift card is not our own solution, so we cannot be—



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Q117 Sir Geoffrey Clifton-Brown: That was not the question. In your mystery shopping, was there 100% compliance by your 10 supermarkets?

Johann Vaucanson: We did not do too many. We tried to concentrate on the first part of our process, which is under our responsibility. We did some, and we did not see any problem.

Chair: So it was a very small-scale test.

Sarah Lewis: Can I come in quickly on the stigma front? As has been set out, the vouchers are the same as those that any of us could have. If we went down the route of challenging every use of a voucher, then any one of us who went into a supermarket and used a voucher could be asked, "Are you sure about buying alcohol?", and we did not want to go down that route of really stigmatising families. It is a risk, but we still felt that vouchers were better than cash, for the exact reason that vouchers are far more likely to go on food.

Q118 Sir Geoffrey Clifton-Brown: Why didn't you want to go down the route of making sure that each of the 10 supermarkets was complying with the regulations, and that children were not abusing the vouchers to buy alcohol and cigarettes?

Sarah Lewis: Because if we were going to do that, we would have to have completely different vouchers from the ones that Edenred normally use for the rest of their business, we were worried about stigma, and we did not have the time to set up a completely different voucher system.

Q119 Sir Geoffrey Clifton-Brown: Would it not have been a fairly easy thing to put in place? When I have had a voucher for Tesco, Waitrose or whatever, if it says it is for electrical goods, and you try to buy a packet of chips with it, they will chuck it out straight away. The supermarkets have the IT systems in place; why could they not have a system that would absolutely stop any age-related purchases—mainly alcohol and cigarettes?

Sarah Lewis: We were told that was not possible, but also, as I say, families were typically using the vouchers and their own money, so it would have been tricky to differentiate between the two.

Chair: Thank you very much. Back to Olivia Blake MP.

Q120 Olivia Blake: I want to focus on access. All these questions are to Ms Acland-Hood, if that is okay. Why did you carry out such a limited amount of work to gain assurance on the coverage by supermarkets in this scheme?

Susan Acland-Hood: We did analysis with DEFRA to check the coverage by local authority. To some extent, it comes down to the point I made at the beginning: if we were to do this again, we would try to do more user testing, but there was a constraint on the time available. We did some checks on coverage, and we also encouraged Edenred—Monsieur Vaucanson has spoken about the work that they did—to add more retails to the scheme as rapidly as they could.

It is important to say that we also had choices for schools in the scheme. We made sure that schools could make a different choice—could go with a local voucher provider, or could provide food in different ways—if they were not close to one of the stores participating in the scheme. I think the honest answer—Sarah may want to add to this—is that, as has been described, we wanted to pick up a scheme that could run as rapidly as possible, and that meant that we picked up an existing scheme, with an existing roster of supermarkets. We could see that that had pretty good coverage. It was ASDA, Marks and Spencer, Morrisons, Sainsbury's, Tesco and Waitrose at the start. They are a pretty good chunk of the UK supermarket market share. We knew that we would want to add over time, as rapidly as we could, and we made sure that schools had other options.

Sarah Lewis: That is exactly it. Yes.

Q121 **Olivia Blake:** Obviously, it is not necessarily cheap to get public transport, especially if you have to go for long distances across borough boundaries—for example, outside London. What did you think was an acceptable distance for people to travel? What did you think about the disincentive to use the vouchers where people couldn't reach the supermarket? What impact may that have had?

Susan Acland-Hood: Our initial check was around making sure that there was at least one participating retailer in each local authority area, so no one should have had to cross borough boundaries. Of course, local authorities vary hugely in size. The NAO reported that the vast majority of families had easy access to one or more stores, but they also report that there were 2,500 schools that were more than 5 km from their nearest participating store at the beginning of the scheme.

Again, that is why we were seeking to add more retailers during the course of the scheme, and why we sought to make sure that schools had other choices they could make, if they were distant from a retailer. In setting up such a scheme, we would all seek to have as many people as close as possible to as many retailers as possible.

Q122 **Olivia Blake:** Of course, but the reality on the ground is that these are quite big geographical areas with different levels of supermarket provision. Do you think it is a bit of stretch to think that the more premium shops that these vouchers are valid for would be the go-to choice for free school meal recipients?

Susan Acland-Hood: We certainly wouldn't have designed a scheme and put Marks and Spencer in it. Splendid as Marks and Spencer and Waitrose are—I won't say a word against them—I don't think we would have designed a school food voucher scheme and prioritised the inclusion of Waitrose and Marks and Spencer, but they were already on the roster, so it seemed odd to take them off.

The most popular retailer in the scheme was ASDA, which was on the scheme from the beginning. The NAO emphasised that the vast majority of

families had easy access to one or more stores. We recognise that there were some families who were further from the stores than we wanted, particularly at the outset of the scheme, but the vast majority had easy access.

Q123 Olivia Blake: Moving on to those schools, particularly in rural areas, that have been a bit more of a challenge and may have gone for different schemes, would you mind explaining why you decided to cap the amount schools could claim for making local arrangements to support children eligible for free school meals?

Susan Acland-Hood: What we said was that the cost of food provision made outside the scheme could be claimed back through the exceptional costs fund. That was the fund that we set up to meet both the cost of food for the vulnerable, and the claims for cleaning and holding schools open during Easter and the half-term for children of key workers and vulnerable children.

There were a set of rules that applied to that scheme as a whole, which also applied to the school food element of it. There wasn't a separate capping arrangement for the school food part. That was related to schools that had surpluses at the beginning of the year and were expecting to add to their surpluses through the year. We essentially said, "If you are expecting to add to your surpluses, then you need to take from that addition before we will give you money from the exceptional costs fund."

Q124 Olivia Blake: I was curious about why the rules seemed to be effectively penalising schools that have surpluses. What was the reason for that? Do you think it was a mistake to wrap that element into that wider cap? Perhaps it could have been stand-alone.

Susan Acland-Hood: There is always a very difficult judgment to make here. I spoke about this the last time I appeared before the Committee. Clearly, it is always awkward to appear to be making rules that make it difficult for schools that have been careful and cautious and husbanded their resources well, but it is equally difficult to make the case for taxpayer funding for schools that have good funding and large surpluses, and are expecting to add to them. That is a balance that we have to strike carefully with Treasury colleagues. I am not sure that it was a mistake.

The other thing worth emphasising is that throughout, schools were still receiving their normal funding for free school meals and universal infant free school meals, which they were, of course, not delivering, so this was all in addition.

Q125 Olivia Blake: Although that money is often tied up in contracts, because the vast majority of funding is in contracts.

Susan Acland-Hood: Indeed. That is absolutely true, and that is why we provided additional funding, but it was additional.



Q126 Olivia Blake: Moving on, obviously, there were limits based on school size. Would you accept that smaller rural schools might have had to not use the voucher scheme? Whatever they had to put in place would have had a baseline cost. What was the impact there?

Susan Acland-Hood: I will ask Sarah to talk to that one.

Sarah Lewis: We have not heard from schools that they have not been able to claim for all the free school meals that they provided, for any reason other than that they did not meet the eligibility criteria for the scheme; you should tell us if you have heard otherwise. If they were adding to their reserves, they would not be able to claim for any free school meal provision that they made, but we have not heard that anybody was not able to claim because they exceeded the limit that we set.

Q127 Olivia Blake: That gives me a worrying feeling; it was not made clear to schools that they would not be able to cover the costs of this. That could be a lesson learned—that communication has to be good.

Sarah Lewis: We have paid out £53 million to schools that have made their own free school meals provision, rather than using the Edenred scheme.

Q128 Olivia Blake: Yes, but we have heard that some schools were not able to cover the whole cost with that claim. Can I ask about the state of play of free school meals? Obviously, eligibility is not static. How many children do you estimate are now eligible for free school meals?

Sarah Lewis: The latest figures say 1.44 million. That is from the January census, which we published in June. We publish the figures from the January census every June.

Q129 Olivia Blake: Obviously, we have had a huge economic shock. Do you think that the need to cover the cost of any growth in the number of children eligible next year will have an impact on your departmental budget?

Sarah Lewis: I expect there will be. We already fund that through a separate grant for children who are newly eligible, and that grant is continuing so that schools do not miss out, and those children can access free school meals straight away.

Q130 Olivia Blake: So you are confident that your Department's budget will be enough to cover that.

Sarah Lewis: If it isn't, we will go back to the Treasury.

Q131 Olivia Blake: How will you make sure that the extra things announced in November will reach all children eligible for free school meals?

Sarah Lewis: The announcements in November include the DWP-led Covid Winter Grant Scheme; 80% of that is ring-fenced to support families who might be experiencing food poverty, and the purpose of that scheme is to support them with the costs of food and fuel; that is really important, because you may be able to afford food, but not the gas or electricity with which to cook it. That is what lies behind that.



As for the Department for Education, the announcement included the Holiday Activities and Food programme; we are planning to roll that out nationally, which is a significant extra move, from Easter. We have been running that for the last three years in the summer holidays only, in a small number of local authority areas. We plan national roll-out from Easter across the whole country. We have committed £220 million to that. Every child who is eligible for free school meals will be able to attend if they wish. That includes activities, a healthy meal that meets the school food standards, and a whole load of brilliant things. I have been to holiday activity and food programmes myself; some of you may have been to them. They are an astonishingly positive offer for children. They aren't just food; they go much wider.

Also, we are asking local authorities to open the scheme up to other children. Those on universal credit and not eligible for free school meals can claim 85% of the costs back through the childcare element of universal credit.

Q132 Olivia Blake: My understanding of local charity activities over Christmas is that they are not always funded by schemes for free school meals, but they quite often provide food. Do you think there has been a negative

impact following the closure of some of the community centres and that type of facility on the ability of children to access food? And do you think that this scheme that you have put in place is enough to make up for the fact that that level of support within the community might not be available?

Susan Acland-Hood: This scheme isn't all we're doing. Across government, £32 million has been given to food charities over the pandemic. Another £16 million was announced in November, in addition to the £16 million that has already been given. That has been working through FairShare to ensure that charities are set up to support families where necessary. That is in addition to the local authority funding—the grants that were in place over the summer and autumn—and the new Covid Winter Grant Scheme. It's tricky. You could always go further, but we spent £384 million on a free school meal voucher scheme on top of the £1.2 billion that normally goes on free school meals every year. Then there was the £170 million on the Covid Winter Grant Scheme, of which 80% is ring-fenced for food, and then £220 million for the Holiday Activities and Food programme national rollout. I think that is a significant amount of money. A lot of that is new money that's going into this. There is a question for politicians about whether there could be more, but I think a lot has gone in.

Q133 Olivia Blake: What are the sharp lessons that you have learnt about providing this sort of support for our children in the future? Why have the Government taken a different approach now from the one that was taken in March?

Susan Acland-Hood: Yes, so I spoke at the beginning about the lessons on the scheme itself, but I think you are asking a wider question about lessons on providing food to children. I think the biggest lesson is that we needed to work really widely and effectively across Government. We did



seek to do that from the beginning of the programme, and you can see that in the answers that my colleague has given about the consideration we gave to using the benefits system, for example. But we ended up— several times, I think—in a situation where we were being asked about extending what has always traditionally been a school-based and term-time-based provision of food into holiday periods. The reason that that was difficult was because what is needed in the holiday period is different from what is needed in term-time.

What we did through the Edenred voucher scheme was effectively just extend that for the period when children were being remotely educated over the summer, and then again across the summer holiday, because it was a thing that we could do that recognised need. But I think that didn't really recognise the breadth of issues around food poverty—not just school food, but the wider food poverty that families face. The eventual package that was announced in November did that significantly better because it was a better-rounded offer that had taken account of families' experience and pulled Government Departments together around an offer.

I think, if I stand back from this, the biggest lesson to learn is that we need to try, wherever we can, to take that really well-rounded approach that starts from a family's experience, rather than from a Department's responsibility. I don't say that with any criticism of my colleagues or indeed of my political leaders, but I think there is something for us in public service that is about constantly trying to put ourselves in the shoes of the people we serve again and again to understand that we need to wrap around them, rather than expect them to manage the system complexities of the way we operate in order to deliver things.

Q134 Olivia Blake: Just a quick follow-up, if I may. Do you think that having a more rights-based approach to food would have been helpful to guide your policy, rather than a policy response to an issue?

Susan Acland-Hood: I am not sure. Again, I think that might be a question for politicians rather than for administrators. All I would say is that I think it comes back to seeing it from the individual's point of view. Sometimes a rights-based approach doesn't actually take you that far in that, because it doesn't always recognise the rounded experiences that different people have. I think that might not be a question for me.

Q135 Olivia Blake: Are there any lessons learned for the company Edenred? If you had to do it again, what would you fix on day one?

Johann Vaucanson: I would say that I would retain three key learnings. The first one is that to launch a programme of this magnitude in just two weeks will remain a major challenge. The second key learning is obviously the communications between the Departments and us, and to be able to manage them. Even if we had some challenges at the beginning, we have seen that it was clearly a great success by the end. That it is clearly because of the relationship that we had and the level of communication, support and confidence that we received from the Department, but also their reactivity



when we had to build some new communication material for the schools and families.

Last, but not least, a key learning is the communication with the audience. That is something that, because of the timing, we were not able to have the pre-launch engagement with schools. I think we missed the point a bit, so it was a bit challenging not being able to spend more time with the schools before to explain the onboarding process and the way to use the system to place the order and so on.

If we had to restart right now, I would say that we learned a lot across this experience and this major project. From day one, for example, we would start by putting more resources into handling incoming calls and incoming inquiries. That is clearly a subject that we would invest in from day one. After that, our capacity to build the platform. I would have spent even more time to better understand that and to be sure that, at the time of starting, instead of planning for 100%, I would say that, next time, we plan directly for 300% of the maximum potential.

Chair: Ms Blake, anything else?

Olivia Blake: No, that is all, Chair. Thank you.

Q136 **Chair:** Thank you. Can I also thank the number of people who have sent in some very good evidence? I think it is worth giving a shout-out to people such as Andrea Howard, who is the school business manager at Truro and Penwith Academy Trust, who talked about, "For several nights in a row, I and many other school business manager colleagues took to waking up in the middle of the night to attempt to upload our spreadsheets," and, "Site traffic was better in the early hours of the morning." These are school leaders who are having to go into work the next day.

Raphael Moss, the headteacher of Elsley Primary School, talked about the difficulty of logging in from 11 pm or after midnight, and, again, the delays in the system. The NAHT, the union for school leaders, talked about "hours of time speaking to a customer service representative." We know you were under pressure, Mr Vaucanson, and it was a very fast contract, but do you have anything to say to these and the other school leaders, some of whom will not have had time to write into us, about their experience at the peak of it when they were dealing with a lot of other things as well?

Johann Vaucanson: Obviously, I would come back quickly to the context and only having two weeks to launch this kind of—

Chair: That has been framed in the NAO Report and very much in this hearing.

Johann Vaucanson: What I would like to say to those families is that, despite the fact that a lot of families and schools were able to place their orders normally without seeing an issue, we understand that some families and schools experienced some issues. What I would like to tell them is that,



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obviously, I am very sorry for their bad experience in the beginning of the scheme.

I would like them to understand what we did and how proud I am about my own team and the time spent and the effort that they made. For them it was an important mission. We were speaking about the profitability; that was not the subject with my team. The ambition of the team was to deliver something that was vital for a lot of families. So I would like to say to them, “Sorry for the challenge you have seen in the beginning”, but we have turned it around and it has delivered very well. At the end, it has been evidenced in the satisfaction survey that that has been realised. With 94.3% of the families—

Q137 Chair: You have submitted evidence on that; that is very clear. We have got that evidence.

Thank you for that apology, because we recognise it was fast-paced and that it was a challenge, but it is very frustrating—these are families who do not have the money to pay for food to feed their children, so getting it there quickly was really important. And for school leaders to suffer as they did was difficult—we all know that it was a difficult time, on lots of grounds. But we appreciate that apology.

Ms Acland-Hood, you agreed that you would share some information with us in private, but this was an open-book contract. We would be happy coming to it on reading room terms. We have a way of doing this as a Committee. We have never leaked any sensitive information—of course, because we are the Public Accounts Committee. We would appreciate a full, open and transparent briefing on that open-book process, if that is okay. We can name the Members who will come, if we need to discuss that with your office—

Susan Acland-Hood: Sure. We will share everything that we have agreed with Edenred that we are able to share.

Q138 Chair: Thank you, because it helps us understand. And there will be times when you have all moved on and some of us—Sir Geoffrey was on this Committee 20 years ago, which is a reminder that we can be here hopefully to nudge your successors if we are ever in a difficult situation like this again.

I had hoped that by the end of the hearing we would have heard something from the Health Secretary. It is now midday and we understand that there will be further information from the Secretary of State. But it seems that everyone knows that there is going to be an announcement about some change in January. That change is likely to be closure. So when were you informed that this change of policy was going to take place, Ms Acland-Hood? It sounds like it wasn't actually in your control, from what you told us earlier.

Susan Acland-Hood: Well, I am sorry for giving—I mean, like everything of this kind, it is appropriately and rightly a ministerial decision rather than



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an official decision. It is not the case that I haven't been involved in conversations about it; it is absolutely the case that it has been moving at a rapid pace.

Q139 **Chair:** Okay. So, is this a measured, thoughtful thing that had been discussed in the Department as a possibility for some time, or is it something that is a kneejerk response to the decision not to change the rules around household mixing at Christmas, which many heads have been talking to me about because they are worried that it would lead to a spike in cases?

Susan Acland-Hood: I do need to be very cautious about discussing it at all, given that it is not announced. But what I will say is—

Q140 **Chair:** But it is midday on the last day that many schools will actually be open—

Susan Acland-Hood: I know; I do understand that. But it is still not my job to make public announcements about Government policy, and I—

Q141 **Chair:** Did your Secretary of State know, Ms Acland-Hood, that you would be before this Committee this morning?

Susan Acland-Hood: He did.

Chair: Sir Geoffrey.

Sir Geoffrey Clifton-Brown: Ms Acland-Hood, could you just

Susan Acland-Hood: Sorry—

Sir Geoffrey Clifton-Brown: No, please continue.

Susan Acland-Hood: I was going to try and be as helpful as I could in answering everything I can of your question, Chair.

So, it is the case that in the Department we have been trying to make sure we have contingency plans for a wide range of scenarios.

Chair: Good.

Susan Acland-Hood: And there were contingency plans which we have been developing around different options for the beginning of January.

I would say that we have worked up some contingencies in more detail than others, based on the extremely clear position that has been taken by the Government on the importance of education throughout the pandemic. But we have been preparing contingency plans.

Q142 **Chair:** And when you have been preparing those contingency plans, who have you been discussing them with? School leaders? School leaders' representatives?

Susan Acland-Hood: For example, with the plans that say, "If there is epidemiological public health evidence that means that we have to do

something other than keep schools fully open”, the first step we will take is to move to educating the vulnerable, children of key workers and children in exam years. That is something that was discussed, and is public, and is out there. That is part of our stated and public contingency planning.

Q143 Chair: Yes, but in the contingency planning, surely you have input about the timetable involved in making these decisions, and to be sitting here, at midday, and your Secretary of State knew you would be here, and not to have the licence to talk to us and be questioned by us—at the moment there is no scheduled oral statement in the House of Commons, which finishes sitting at five o’clock today unless there is any sudden change. We have had the business statement; I haven’t heard that there has been a change to that. All that is scheduled is a written ministerial statement. This would have been an opportunity for some of us, as Members of Parliament, to question you, as a senior official. Are you happy to be put in a position where you are unable to share with us news that you know but will not make public to us now?

Susan Acland-Hood: It would be ridiculous of me to suggest that this was not slightly awkward, because it is. My job is to serve the Government of the day to the best of my ability. The Government of the day at the moment is having to make a whole series of extremely difficult decisions, often at short notice, in response to the changing epidemiological and wider picture in the middle of a pandemic. I appreciate that Ministers have to be supported in making those very difficult decisions. We have to give them good advice about the ideal timeframes that we would use in order to communicate. Those ideal timeframes cannot always be met, and we must support them to take good action, whether they have to act quickly or slowly, or whether they can give long or short notice, in order to do the best we can.

Q144 Sir Geoffrey Clifton-Brown: Ms Acland-Hood, discussions in this Committee are public, so everybody will know what has been said this morning. You were very clear in your answer to me that if there was going to be a change of policy, it would be made today. Can we therefore assume that your Minister will make a statement before Parliament rises this evening so that there is a chance for everybody in the public domain to at least query this decision?

Susan Acland-Hood: I said that if there was to be a change, I thought it would be right that we should communicate it today.

Q145 Sir Geoffrey Clifton-Brown: So therefore can we assume that if there is a change of policy—nobody knows whether there is going to be; maybe we are all barking up the wrong tree—which is a profound matter for parents, children and teachers, your Minister will make a statement to Parliament? Otherwise, I am minded to go and ask on a point of order whether there will be one. Can we assume that your Minister will make a statement before Parliament gets up this evening?



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Susan Acland-Hood: If there is a change to policy, we need to announce it today and make sure it is done in an appropriate way with respect to Parliament.

Sir Geoffrey Clifton-Brown: Thank you.

Q146 **Chair:** Since we have sat here and had this latest discussion, Kate Ferguson, who is the Westminster correspondent for *The Sun*, has tweeted out incredible detail on a policy that you can't talk to us about. She says: "Schools update: Most secondary school kids will get extra week off school after Xmas". I am telling the public this, and you can tell me whether it is wrong, Ms Acland-Hood. "These kids"—this is *The Sun's* language, I should say—"will be online learning". It goes on: "Mass testing will be rolled out"—well, we knew that anyway. "All primary school kids, exam years and vulnerable/key worker kids back in class for start of term", which is what you just hinted at. You could helpfully tell me whether two bits there are inaccurate. Are most secondary school children going to get an extra week off school after Christmas?

Susan Acland-Hood: I can't comment on leaks. I am sorry.

Q147 **Chair:** It is interesting. Have you got different strategies for secondary and primary school children, Ms Acland-Hood?

Susan Acland-Hood: I can't comment on leaks. I am sorry.

Q148 **Chair:** Okay. In general? In the theoretical modelling that you have done on these scenarios—

Susan Acland-Hood: I can absolutely answer that question. Yes, the public health evidence—the advice that we have from public health colleagues—is that the positions of secondary and primary schools are quite different. It will be appropriate under many circumstances to take different approaches to secondary and primary schools.

Q149 **Chair:** I have to say that we are in a completely ludicrous position. Have you modelled the impact on children of losing an extra week of education when many of them have lost weeks already?

Susan Acland-Hood: We have done quite a bit of work, including work that you will have seen that we have done in collaboration with the Children's Commissioner and Ofsted, on the impact of each day of lost learning. That is what we will feed into any decision about any shift that would change from face-to-face to online delivery.

Q150 **Chair:** There is a huge, growing gap between the poorest pupils and the wealthier pupils, which in my borough was being narrowed dramatically and is now at risk. You talked about the catch-up stuff earlier when we raised that. Are you going to keep a close eye on that to make sure there are additional resources? In my borough, schools have radically improved over 20 years and are now included among the top 1% in the country. It is an inner London borough, and young people, whatever their background, are now populating our universities. They weren't when I was selected to



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do this job just over 15 years ago. Will you guarantee now that those pupils will still be in a strong position at the end of this pandemic? Will you make sure they have the resources they need to catch up when they have missed school as much as they have done?

Susan Acland-Hood: I can give you an absolutely cast-iron commitment that I will do everything in my power to make sure that is true.

Chair: Okay, we will hold you to that.

Q151 **Olivia Blake:** I am just noticing today that a press release has come out on Covid infection rates in schools mirroring rates in the community. Is that what this potential change is in response to? We haven't seen that evidence previously, have we?

Susan Acland-Hood: Generally, Covid absence rates in schools march with the rates in the community. What's not clear, and is still not clear, is the direction of travel. In other words, do schools end up with higher infection rates because there is high infection in the community, or do you end up with higher infection rates in the community because there are higher rates in schools?

We are seeing some evidence, although it is still heavily caveated in every example that I have seen, that there is more transmissibility between secondary pupils and parents in the wider community, than for primary pupils. We have been keeping very careful eyes on that. We have also seen some evidence of increasing rates among secondary-age pupils. There was a period where they were the group who was seeing the fastest growth rates. That is not true in the very latest data, although their rates are still relatively high.

We have also seen some areas of the country where there was a particular issue with the rate of growth among secondary-age pupils. The work that we did jointly with the Department of Health and Social Care last weekend, to roll out additional testing for pupils in parts of north-east London, south Essex and Kent, was in response not just to the overall rates, but specifically to the shifting rates among secondary pupils in those areas. It was targeted testing aimed at secondary pupils and their families to respond to that.

Across the board, we will look very carefully with the Department of Health and other colleagues at the public health and the epidemiological evidence. We will follow it in the decisions that we seek to make and the way that we advise Ministers.

Q152 **Chair:** It seems quite late in the day—we have been in this pandemic for some time—not to have monitored them better. On Monday, MPs that were going into tier 3 had a briefing from one of the senior public health officials in the country on London, Essex and so on. They were still only doing this intensification.

We haven't got time to go into all that now, but I would just add that Branwen Jeffreys, the highly respected education correspondent for the



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BBC, is also telling us exactly what is happening in secondary schools in January. I don't think it is now a leak, exactly. I think they have clearly been briefed. Is there is anything that you would like now to confirm?

Susan Acland-Hood: I do not think there is anything else I can confirm now; I'm sorry.

Chair: We are in a ludicrous situation. I, for one, will be writing to the Secretary of State to say that next time there are senior officials in front of a senior Committee of MPs, they should be given licence to answer questions. Otherwise we are just going to be going around this in circles. Thank you for your time. Order.