

# Public Accounts Committee

## Oral evidence: School Funding, HC 183

Thursday 15 July 2021

Ordered by the House of Commons to be published on 15 July 2021.

[Watch the meeting](#)

Members present: Meg Hillier (Chair); Peter Grant; Mr Richard Holden; Craig Mackinlay; Sarah Olney; James Wild.

Laura Brackwell, NAO Director, Gareth Davies, Comptroller and Auditor General and Marius Gallaher, Alternate Treasury Officer of Accounts, HM Treasury, were in attendance.

Questions 1-120

### Witnesses

**I:** Susan Acland-Hood, Permanent Secretary, Department for Education, Tony Foot, Director of Strategic Finance, Department for Education, Julia Kinniburgh, Director General, Covid-19 Response and Schools Recovery, Department for Education and Warwick Sharp, Director of Academies and Maintained Schools, Education and Skills Funding Agency.



HOUSE OF COMMONS

Report by the Comptroller and Auditor General  
School Funding in England (HC 300, Session 2021-22)



## Examination of witnesses

Witnesses: Susan Acland-Hood, Tony Foot, Julia Kinniburgh and Warwick Sharp.

**Q1 Chair:** Welcome to the Public Accounts Committee on Thursday 15 July 2021. Today, we are looking again at the finances of England's schools in the face of rising cost pressures. That is not just as a result of covid but, as we have been considering for some time, everything from pension payments and national insurance contributions, which have been going up and putting pressure on schools, to the core work of schools, which is, of course, educating our children.

This Committee has previously expressed a lot of concern about the long-term sustainability of school funding. Despite cash injections in the last year or so, there has been only 0.4% increase per pupil funding in the last five years. As a Committee looking at the numbers, we are very keen to look at the real numbers behind the headline announcements. Cash in one year does not necessarily make up for reductions in previous years.

We are having this discussion today in the light of the recent launch of the consultation—finally—on the new funding formula. We are going to reprise some of our conversations about catch-up learning as a result of covid and also cover a number of other topics relating to finances of schools in England.

I welcome our witnesses. We have Susan Acland-Hood, the permanent secretary at the Department for Education, who is in the room with us here; Tony Foot, the strategic finance director at the Department for Education; Warwick Sharp, a director at the Education and Skills Funding Agency, who is joining us virtually; and Julia Kinniburgh, the director general for covid response and schools recovery at the Department for Education. A warm welcome to you all.

Before we go into the main session, I want to raise a detailed point with you, Ms Acland-Hood, about the PE and sport premium funding, which was given to schools to promote PE and sport. We have had some concerns raised about how that has been accounted for, used and assessed. Have you got any concerns about how this has been used?

**Susan Acland-Hood:** I do not, although I am happy to look into this, Chair, if you send me the detail of the concerns. I was not aware of the concerns. We have a good and comprehensive system for auditing and accounting for spend across all school budgets, and the PE and sport premium would be part of that overall system.

**Q2 Chair:** This is money that was set aside specifically for spending on PE, but we are hearing that it is not always being used for exactly what it is intended for. In terms of accounting for it, who would you expect to be looking at that at Department level or at local level?



**Susan Acland-Hood:** As I say, I would expect that to be looked at—the first accountability is with the school, the head and the governing body, or for an academy, with the academy trust. They have a responsibility to make sure that they are spending money for the purposes that it has been given to them. Then we have got auditing systems through the ESFA for academies, which test and check that we understand how the money is being spent.

Q3 **Chair:** But clearly with this, it is specifically targeted at children’s health and wider wellbeing, as their physical health obviously contributes to that. Would you have any concerns if it is not being spent on that? Where in your Department would that element of the outcome that you are looking for be monitored?

**Susan Acland-Hood:** We have a PE and school sport team who will be looking at the overall picture on PE and sport, and the premium is an important part of that. There is always a balance between trying to make sure that you are accounting pound for pound the money that has gone in, and that you are giving schools flexibility to do a set of sensible things that let them bring their budgets together in order to get the outcomes for the children that they want.

Q4 **Chair:** I think we will perhaps take this offline. I will send you some more detailed information in writing because it is a matter of concern. Obviously, with covid, one of the other issues, as well as educational catch-up, is the physical and mental wellbeing of our young people.

I want to ask you again about the SEND review. Last time you were in front of us you said you would expect it by the end of June. That date has passed. Where is the special educational needs and disability review, Ms Acland-Hood?

**Susan Acland-Hood:** First, I want to thank the Committee for the attention and focus they have given to this issue. It is such an important question. We genuinely appreciate the fact that you are focused on it and push us to do the right thing on this. I am sorry that the June date has passed.

I wrote to you last week to explain that we have had some challenges with the SEND review because of covid over the past year, but, more fundamentally, as the chief inspector noted in her recent report, we can see the system into which the SEND review needs to land changing quite fundamentally as a result of the pandemic.

As we started to test our emerging proposals, it was clear to us that there was a risk that because the early stages of the review had taken place before the impacts of the pandemic were clear, it wasn’t going to be as effective as we wanted. In consultation with many of those with whom we have been talking about the SEND review throughout—with ADCS, the LGA, the Confederation of School Trusts, the Council for Disabled Children—we agreed that it would be better to take a little bit longer in order to make sure that the review, when it lands, has properly taken account of that fundamentally changing picture.



## HOUSE OF COMMONS

The Children's Commissioner recently put out a blog to say, "The pandemic's impact on the SEND system has materially hugely changed the context that SEND local areas, schools and those supporting children and young people with SEND are now operating in. It is vitally important that the SEND review reflects that, and I do understand why the Government has said it needs more time to ensure that any proposals from the review take full account of the unexpected changes there have been over the last 18 months."

It is important to say that we are not sitting on our hands while we wait for the outcome of the review. There are three key things that we are doing for children with SEND while we work on the review itself. First, we are putting in significant increases to high needs funding nationally. High needs funding will have grown by about £1.5 billion, or nearly a quarter, in two years. We are also making available £300 million capital funding in 2021 for school places for children with SEND.

Secondly, we are offering targeted intervention for the local authorities that have the most challenging situations. It starts by looking at their budget, but often the budget issues are about the pattern of provision in the authority. We introduced a safety valve intervention programme for those authorities with the highest DSG deficits. That asks the local authorities involved to develop substantial local high needs system reform plans and we support them as they do that. We have seen that have a significant impact on those local authorities.

**Q5 Chair:** Do you have a list that you can provide us with of those local authorities?

**Susan Acland-Hood:** Yes, certainly. Thirdly, we have made sure that as we think about catch-up and recovery we are continuing to focus on children with special educational needs, everything from making sure that, wherever possible, they were able to attend schools, even when they were closed to other children, to making sure that our catch-up and recovery premiums have additional elements in them to reflect the higher cost of working with children with special educational needs and disabilities.

**Q6 Chair:** But that pot has been spent many times, so that does not necessarily mean a great deal more money. It is all very well quoting global figures that we have not seen. It would be very helpful if you could write to us with those and with a breakdown of how that is going to be allocated locally, because I know that MPs across the House are concerned about this and want to see what is being spent.

I am still puzzled that only a couple of months ago you were in front of us telling us that the SEND review would be out at the end of June, and now you have given us reasons and cited all sorts of other people who are supporting the delay. They might be accepting rather than supporting but let us leave that aside for one moment. Did you not know when you appeared in front of us that that the date of 30 June was over-optimistic?

**Susan Acland-Hood:** No, or I would not have given it.



**Q7 Chair:** I just do not understand what has changed in the couple of months since you committed to that very firm date, which we welcomed. We love it when permanent secretaries give us a clear date, but perhaps we now know why people do not do that.

**Susan Acland-Hood:** I hope that it will not discourage people from trying to be clear and helpful in the future. When I came before you, we were making good progress in developing proposals. As we started to test and iterate those more widely, as we got closer to the moment of bringing that out, it became clearer that we needed to do some more work, so we are doing more work. That was partly because of the impact over the whole year of covid and what the Department has been able to do. We have had to prioritise inside the Department because of the pandemic, and that has continued throughout.

**Q8 Chair:** But the pandemic was not a surprise a couple of months ago, so you knew you were prioritising then. Are you saying that the SEND review has just dropped down the list of priorities?

**Susan Acland-Hood:** No, I am not saying that. As you know, it had already taken much longer than we wanted by that point. It has not dropped down our list of priorities at all, but what happened was that it became clearer how much the context had changed since the work began, as we started to talk more broadly to people about it.

We had a set of emerging conclusions and we were talking to people about them. We could have pushed that forward, but everything that we were hearing and all of the conversations we were having said, "We think it would be better to spend a bit longer and make sure that the conclusions and the propositions in it are really robust against the way the world is changing as a result of the pandemic." And that is what we are doing.

**Q9 Chair:** What is the timeframe now?

**Susan Acland-Hood:** We are going to take the time that we need to make sure that we really work that through.

**Q10 Chair:** That is the mandarin answer. Could you give us a window of time? Will it be autumn, the end of this calendar year or the end of this financial year?

**Susan Acland-Hood:** We are going to do it as soon as we can.

**Q11 Chair:** I guess that is months, not weeks. You say, "As soon as we can." It's just that people need to know; they need to plan. Parents out there are desperate, as you can tell from some of the work that we and others have done on this issue, so what is your message for parents who are worried about the SEND review? The review of course—let's be clear—is only the beginning of a process of change, so the longer the review takes, the longer change will take.

**Susan Acland-Hood:** Yes, that is absolutely right. My message to parents on SEND is, first, we are doing everything we can alongside the review; we are not waiting to take action—for the review—as I have just set out,



## HOUSE OF COMMONS

but also we are determined to get this right. The worst thing we could possibly do would be to bring forward something that was not fully tested and explored against the way the situation has changed. We have got a chance to make a really significant change that will make a difference; we've got to get it right.

- Q12 **Chair:** You talk about the situation changing, but the situation of children with special educational needs and disabilities is not changing for the better in most cases, in that they have those long-term health or learning needs. That bit is pretty—well, not static, because their needs change, but that is a fairly known quantity—so I am not quite clear what it is that you see where you talk about it “landing”. Yes, schools are under pressure, but can you just be a bit clearer about why it is you cannot provide support to some of those individual pupils? We have talked about, for instance, extra high-needs support in the classroom. Can you just give us a little bit—that is a good example—of a flavour of why you cannot do that sort of thing more widely with the children who are actually identified with needs already?

**Susan Acland-Hood:** We absolutely are, and that was the point that I made—that the SEND review does not stop us doing certain things in the meantime to support children in schools now.

**Chair:** Those are the children who are already identified with a health—

**Susan Acland-Hood:** There is £1.5 billion of extra high needs funding going into the system now. That is not waiting for the SEND review; that is happening now.

- Q13 **Chair:** Is that funding new funding?

**Susan Acland-Hood:** Yes.

- Q14 **Chair:** Completely new? It has not been scraped off any other budget for schools?

**Susan Acland-Hood:** We manage the whole of the schools budget in the round and think about the balance within it, but the high-needs element of the budget has gone up by—will have gone up by—£1.5 billion.

- Q15 **Chair:** It has come out of the overall schools budget; it is not a new settlement from Treasury, just to be clear.

**Susan Acland-Hood:** Well, we always manage the whole of the schools budget in the round.

- Q16 **Chair:** Yes, but I am saying you have not got extra money from Treasury for this particular bit, to tide you over while the review is being done.

**Susan Acland-Hood:** We did see an increase in the high needs element in the 2019 SR—

- Q17 **Chair:** Mr Foot, perhaps you can give us the numbers.

**Tony Foot:** Absolutely. The overall core schools budget is going up by £2.6 billion, £4.8 billion and then £7.1 billion over the three years of the



## HOUSE OF COMMONS

SR '19 settlement. The high needs allocations that the permanent secretary is talking about come from that overall budget and from those overall—

**Chair:** The National Audit Office will help us go through those numbers in detail. We are watching very closely, because special educational needs is vital, but the funding should not be scraped out of other budgets where there is also great need. We are going to touch on some of those needs later. I am now going to bring in Richard Holden MP on some more recent announcements, and we will move straight on to the wider issues that are outlined in the National Audit Office Report.

Q18 **Mr Holden:** I should just declare that I was a special adviser in the Department for Education until December 2019.

The Chair has touched on some broad issues regarding special educational needs, but I want to drill down into another area that is obviously of major concern, which is per-pupil funding. Obviously, we have had the announcement in the last week that we are going to see the hard national funding formula, which will actually guarantee those base-level amounts going through to schools. Ms Acland-Hood, could you give me a very brief overview of that and when it is going to be implemented by?

**Susan Acland-Hood:** I am going to ask Tony to speak about this, if that is all right.

**Tony Foot:** Mr Holden, as you say, we published a consultation on the hard national funding formula recently—on 8 July. That is the next stage of the completion of the national funding formula. It is a long process overall. We started with two consultations back in 2016, laying the groundwork, consulting on the principles, engaging on the detailed design and running that process with a great deal of engagement with the sector. We have now published a consultation looking at the next stage and completing the journey towards a hard national funding formula that ultimately, as you say, gets to consistent funding across the system as whole so that the same school and the same pupil with the same needs are funded at the same level wherever in the country they happen to be.

It is of course a significant reform and, as we did with the first stage, we have said very clearly that we will take the time to get that right. We are consulting now on the high-level principles and the high-level design and some of the key questions involved, and we will do further detailed technical consultations as we go through the process to make sure that we are getting this crucial reform exactly right.

Q19 **Mr Holden:** I understand that, so when are we now looking to see this start to be implemented? What year?

**Tony Foot:** We have been clear in the consultation that we are not committing to an implementation year at this stage. Rather, the approach set out in the consultation is that we want to take steps towards it and to evaluate after each of those steps. The consultation proposes a tightening





## HOUSE OF COMMONS

of allocations across the system towards the national funding formula, but we want to take each of those steps and evaluate the impact before we move further.

- Q20 **Mr Holden:** Is this a row-back from your previous position on when we were going to end up with the national funding formula, because now you are saying that we do not have an end date for this at all?

**Tony Foot:** I would not describe it as a row-back; I would describe it as recognising the degree of complexity in this journey and in this reform. Some of the very technical and complex issues that the consultation begins to touch on are things like exceptional premises factors and the complexities of the PFI system. It is vital that we get that right.

I would say that we have made a lot of progress already. In the last year, we have 73 local authorities now who are mirroring the national funding formula almost exactly, so approximately half of authorities across the system are following the NFF fully. As we take the whole system towards that end point, we want to move slowly and we want to get it right and to evaluate each step as we go.

- Q21 **Mr Holden:** I understand that there are obvious issues around PFI. The NHS has been under pressure over the last year, looking at how they deal with PFI schemes and the pressures there, so have you had any conversations across Government on how other Departments have managed PFI schemes regarding budgets?

**Tony Foot:** I might bring Susan in for any views on that one.

**Susan Acland-Hood:** There is a cross-Government programme on PFI, and we are part of those conversations, so we do collaborate across Government on those issues. There is also obviously—I know you know this—a wide range of different types of PFI scheme which bring, shall we say, different opportunities and challenges.

- Q22 **Mr Holden:** Yes. Some Departments have basically been looking at trying to remove those individual variants from individual budget holders at a local level. Is that something that you are going to be looking at doing?

**Tony Foot:** That is one of the things that the first stages of the NFF explicitly did address. For example, under the previous funding system, PFI costs were not adequately and appropriately recognised, and we did, as part of the original NFF introduction, introduce a PFI factor that was much more closely matched to real costs and to how those costs inflate over time. This is one of the reasons why some areas, like Knowsley for example, with a heavy set of PFI arrangements have seen particular gains under the NFF—better recognition of those costs and those cost drivers.

- Q23 **Mr Holden:** I have one final question on the £30,000 a year starting salary for teachers. It was obviously announced last year, so where are we on that now?



## HOUSE OF COMMONS

**Susan Acland-Hood:** We are making progress towards the £30,000 starting salary, and it is something that we remain committed to. You will have seen—

Q24 **Mr Holden:** Ms Acland-Hood, if I am correct, it was meant to be something that started this September.

**Susan Acland-Hood:** That is true, and we have had to adjust our rate of progress based on the conversations we have been having with Treasury and on the wider context. If you look at the September teachers' pay increases, you will see that there is an average increase of 3.1%, but it is significantly tilted towards starting salaries, with 5.5% going on salaries for new teachers.

Q25 **Mr Holden:** I understand. When are we going to hit that £30,000 starting figure?

**Susan Acland-Hood:** I think that is a question that I will have to answer once we have got through the spending review.

Q26 **Mr Holden:** Okay. We have got three things there: the SEND review pushed back with no defined end date; the £30,000 a year starting salary, which was announced last year, with no defined start date; and now we have hard national funding formula numbers pushed back with no defined start date. It feels like there is a huge amount of slippage on what was promised. I understand that covid has obviously put in some pressures, but to have slippage across the board on these things does seem a little bit concerning.

Just going into a little bit more detail on the rationale for effectively providing schools around the national funding formula, looking at paragraph 7 of the NAO Report, pupil numbers have risen over the last few years, so we have actually only seen a 0.4% real-terms increase over the last six years. Is that where you think we need to be in order to deliver the Prime Minister's levelling-up agenda?

**Susan Acland-Hood:** Clearly, we want to make sure that we are investing as much in the education system as we can in order to respond to the levelling-up agenda. That is why you have seen the very significant increases as a result of the 2019 settlement. We have seen funding rise by £4.8 billion between 2019-20 and 2021-22, and that will rise again to £52.2 billion next year. Those represent significant real-terms increases. I completely accept that they come after a period in which the increase has been slower in cash terms and really tight in real terms given the pressures on schools, but we have already started the process of injecting significant new funding into the system.

Q27 **Mr Holden:** I think we have quite clearly seen that this three-year funding package is a big improvement on what went before, but is it going to provide you with the ability—seeing as we have seen a slippage across the board—to achieve £30,000 a year, SEND, and the per pupil hard funding formula? Are you comfortable that the budget you have can achieve those three things in that timeframe, or not?



## HOUSE OF COMMONS

**Susan Acland-Hood:** This budget does not provide for the £30,000 increase, which is why I said that I would need to come back to you on the timing for that afterwards.

Q28 **Mr Holden:** Sorry, are you saying that those three years of rises, including the extra £7.1 billion in year three, does not include the £30,000 a year?

**Susan Acland-Hood:** It does not reflect the cost of the increase to £30,000 a year starting salaries.

Q29 **Mr Holden:** So how is it possible to announce last year that it would have happened this year if those three-year budget increases did not include that?

**Susan Acland-Hood:** Sorry, you are quite right. It would be possible to do it within those increases, but we have not got Treasury agreement to do that, which we need to go and seek again in the spending review. I apologise; you are completely correct.

Neither the SEND review delay nor the question on the national funding formula are affected by the total budget amounts. Those are much more about trying to get the policy right than about the total funding available.

**Tony Foot:** Mr Holden, just to amplify the permanent secretary's comments, the SR19 settlement was set on the assumption and the basis of £30,000 salaries, as you described. Of course, a lot has changed in Government pay policy and pressures across the board since then, but at the time of SR19, that was the assumption.

Q30 **Mr Holden:** Since that SR19—which I was involved in, so I do know it included the £30,000 a year—one of the issues that I imagine has changed is that the Treasury is saying to you, "With the covid pandemic and so on, you will probably see a different labour market, so maybe you do not need that starting salary quite as quickly." I imagine that might be the argument that would be put to you. Is that the argument that was put to you?

**Susan Acland-Hood:** There are two arguments that have been put to us. The first is that there has been a cross-Government decision to exercise pay restraint across the whole of the public sector, and the whole Government expects the whole of the public sector to be part of that overall pay restraint. However, we have had conversations in which the argument about the labour market has been made, but I think all of us understand first that effects in the economy on teacher recruitment tend to be relatively transient, and secondly that there are broader arguments for the £30,000 starting salary that we do not think should be driven by year-on-year fluctuations in the labour market.

Q31 **Mr Holden:** It might also be worth highlighting to the Treasury the employment numbers today, which show that the bounce back is pretty strong. If we are looking at people in the future, that might be something worth looking at, especially if we are going to get the teachers that we need in schools. It is slightly concerning. Where is the money going now



## HOUSE OF COMMONS

that would have gone to those teachers on that £30,000? As your overall departmental budget has not changed, where is that money being shifted to? Is that covid response? Where is it going?

**Susan Acland-Hood:** It is going to schools. It is all part of the dedicated schools grant, so it still goes out to schools. The fact that we have teachers' pay restraint is actually giving schools a little bit more headroom for other things.

Q32 **Mr Holden:** Okay. One of the Committee's big concerns is looking in that slightly longer term. If we look between 2014-15 and the last financial year, paragraph 1.12 of the NAO Report shows that we have seen a bit of a shift in funding towards primary from secondary with primaries doing better in real terms per pupil funding, whereas secondaries have gone down a bit. As a north-east MP, this is a particular concern for me. Our primary seems to be doing okay overall, but we have an issue in secondary. Can you explain the reason behind this movement?

**Susan Acland-Hood:** Tony can take this one.

**Tony Foot:** There are two main drivers behind the shift that has been reported in paragraph 1.12. The most significant driver is local authority decision making within formulae. It is worth saying that within the national funding formula itself we looked very carefully at the primary and secondary balance in the original construction of the NFF. We looked at international averages and the picture across the country as a whole, and we concluded that there was not a strong rationale for shifting the existing balance. Within the NFF itself, that balance has been maintained, but we have seen a pattern of some local authorities tending to favour primary schools over secondary in their local formula and local distribution. That has been the main driver.

On the secondary effect, the figures that have been reported in the NAO are the full secondary phase, including post-16 funding. That includes school sixth forms, and school sixth form funding has grown at a slower rate than the core 2016-17 budget.

Q33 **Mr Holden:** It is a bit of a stretch to say that it has grown at a slower rate when that post-16 funding has fallen by 11.4% in real terms. Is this essentially a case again of school sixth forms being robbed to try and prop up the rest of the system?

**Tony Foot:** No, I do not think that that is the right characterisation. Obviously, as you will know, Governments had to make some hard fiscal choices through that period and chose to prioritise and protect core 5 to 16 funding. That said, from SR19 onwards we have seen increases going into the post-16 system: £291 million in SR20, and prior to that £400 million in SR19, which was the biggest single year increase for post-16 funding all the way back to 2010. Those increases are starting to come to post-16.

Q34 **Mr Holden:** But post-16 only received a one-year settlement rather than the three-year settlement for primary and secondary schools.



## HOUSE OF COMMONS

**Tony Foot:** Yes, and spending reviews 2019 and 2020 in the round were one-year settlements. Very exceptionally the Treasury agreed a three-year settlement for the core 5 to 16 schools budget.

Q35 **Mr Holden:** And it was a one-year settlement for special educational needs funding as well.

**Tony Foot:** No, that is not correct. It was the core schools budget as a whole, which covers all aspects of mainstream and special provision, so the figures I am quoting of building to £7.1 billion by 2022-23 is about all aspects of mainstream.

Q36 **Mr Holden:** Why are local authorities prioritising primary over secondary when we know there is a big issue, particularly among boys in secondary education, where there is a massive drop-off? In parts of the country, this is a massive issue.

**Tony Foot:** I think very different factors are operating in different parts of the country. As I say, the ultimate objective is to move to a consistent NFF across the country as a whole, but in the meantime I think it is right and reasonable that there is a degree of local discretion. In some areas it will be changes in pupil numbers. We are starting to see pupil numbers go into the secondary phase progressively, and that will have a relative impact on primary—

Q37 **Mr Holden:** Even on a per pupil funding level, that is very significant, isn't it? I acknowledge that there are baseline overhead costs, but it seems that these figures are slightly beyond what you would expect from those population changes.

**Tony Foot:** At the 3% and 4% level, they are still relatively low. I guess what I am saying, in that context, is that people need to understand the financial health of schools in the round, and that is both pupil numbers and per pupil funding—those two things do interact. I suspect we will get into more detail on that in the next phase of the work on school financial sustainability in the next hearing.

Q38 **Mr Holden:** Ms Acland-Hood, why are we seeing such significant reductions in sixth form funding?

**Susan Acland-Hood:** As Mr Foot has just said, we saw real-terms per-pupil shrinkage in 16-to-19 funding, but we put in resources in 2019 and 2020 to address that, so it is now rising—

Q39 **Mr Holden:** That does not address anything like an 11.4% real-terms fall, does it?

**Susan Acland-Hood:** It is starting to make up ground, and I think that is important. As Tony said, that 2019 figure was the biggest injection of money into 16-to-19 education system in a single year. We are attentive to the challenges of 16 to 19. There is also a very significant demographic pressure there as well.

Q40 **Mr Holden:** Exactly, so you have the demographic pressure, plus you have seen a massive real-terms fall. A local sixth form in Wolsingham in



## HOUSE OF COMMONS

my constituency had to go into suspended status several years ago because of this per-pupil funding element; it is just not there enough to provide for what we accept is a more specialised course at 16 to 18, whether vocational or academic.

What assurances do we have that schools are not having to subsidise? This is one of the things that teachers are telling all constituency MPs. They are basically having to cross-subsidise sixth forms from the rest of the school budget. Is that something that you are hearing about, and what assurances do we have that that will not happen in the future?

**Susan Acland-Hood:** I certainly hear schools talking about cross-subsidising from pre-16 to post-16—where they are all-through schools. It is certainly something that we have noted, and it is one of the reasons why we have put in those significant increases in the last two years. It is something that we will continue to attend to as much as we can.

**Chair:** That does not sound like a ringing endorsement of investment in sixth forms.

Q41 **Mr Holden:** No, it does not. To go a little bit further, what do you expect schools to achieve? You have the planned funding increases and a three-year funding settlement, which, as Mr Foot said, is pretty unique across Government Departments. What are those outcomes? Seeing as we are not going to get the SEND review sorted out, and are not going to see a hard per-pupil funding or £30,000 a year for teachers' salaries, what will the outcome be for this huge amount of extra cash that the Treasury has given to you in a unique situation over a three-year funding formula?

**Susan Acland-Hood:** We expect to see that investment of money help us to continue to raise standards in schools across the country. We have seen a significant improvement in school standards, we have seen a narrowing of the gap between the disadvantaged and their peers, and we wish to continue to work with schools both to put the funding in and to help make sure that they are spending the funding on really well-evidenced interventions that will improve standards for all pupils.

Q42 **Mr Holden:** Do you expect that to be the case despite covid?

**Susan Acland-Hood:** Clearly, covid has given us a challenge with the learning that pupils have lost through being out of school, but yes, I think that it is absolutely right for us to continue to work as closely as we possibly can with schools to keep improving standards for children in every way we possibly can. Schools have done the most extraordinary job through the pandemic. We have seen teachers and headteachers up and down the country working unbelievably hard and continuing to invest every day in thinking and working on what is best for their pupils.

Q43 **Mr Holden:** I think the entire Committee would support your comments about teachers. Do we really think those standards will be raised over this period, despite the covid situation, or will that be another thing about which you will tell us, "Actually, we're going to have to knock that down the line," along with teachers' pay and hard funding?



## HOUSE OF COMMONS

**Susan Acland-Hood:** As you know, we are investing significantly in teacher quality, both through the core work we are doing and the recovery work. We know that investing in teacher quality is one of the things that makes the biggest difference to pupils' attainment. If you are asking me whether covid is going to have an impact on the rate at which we can see outcomes increase—in other words, the absolute attainment of children—it absolutely will have an impact on that, but it should not—

Q44 **Mr Holden:** I am concerned that we are actually going to see a reversal in a lot of the progress that has been made. That is what I am really concerned by. We have a huge amount of extra cash going in, and I am concerned that we are actually going to be in a worse position than when we started.

**Susan Acland-Hood:** The key thing is that the money going in puts us in a better position than we would have been in without the money. If we had covid and we were not putting in this money, we could expect a far worse set of outcomes than we can with the investment going into the system. That is the fair judgement to make about the work that teachers and headteachers are doing. Are they using the money well to try and make improvements in standards that are better than those we would have seen if we hadn't put the investment into the system?

Q45 **Mr Holden:** One of the biggest things we saw really transform education in the UK and something that has been looked to by a lot of others is the London challenge from the period of the last Labour Government. That is an area which had significant issues, particularly around secondary education. In order to deliver the educational outcomes we need, why are you not using that as a model for other parts of the country, such as the north-east of England or other parts of the north, where we are facing similar drop-offs that London saw before the London challenge?

**Susan Acland-Hood:** We try to make sure we are making the best use of evidence in informing policy across the piece. We have looked at the evidence base around the London challenge and taken elements of that in order to support good-quality investment in educational programmes up and down the country. There are some really key elements of the London challenge that are about schools being able to work in partnership with others, which is the heart of what we do as we try and bring more schools into good-quality trusts. There are some key elements of the London challenge that were about using evidence to make sure that investment is being put into the programmes that make the most difference. We have systematised that through the whole system through the education endowment fund and its work in making available really good-quality, easy-to-use evidence-based assessments of the programmes that work best. We are also looking at some targeted area-based activities through things like opportunity areas to help schools to work in collaborations and to look beyond the school gate and bring in intervention from other places.

Q46 **Mr Holden:** It is all very well talking about evidence-based outcomes and collaboration between schools, which for the opportunity areas is meant to help recruitment of teachers and such. That is great, but we are not



seeing the changes that we saw through the London challenge in other parts of the country. What is it that we are not doing from the London challenge that other areas of the country had? Is it purely because people wanted to move to London and we could give them a better salary? What is it we are lacking?

**Susan Acland-Hood:** There certainly are evaluations of the London challenge that suggest there were some particular characteristics of London that helped with the changes we saw. As I say, we are identifying those evidence-based interventions everywhere we can and trying to spread them across the country. We remain very open to conversations with local areas about other things they want to do to drive up education standards. We are working on further development of our area-based programmes as part of the work on levelling up as well.

**Mr Holden:** We have been raising this as a Committee for seven years. It is something we will definitely come back to, but it is a major concern, so I would suggest that if there is anything in this area you want to argue for, then do bring it to the Committee. We will happily argue for it for you if you have got the evidence behind it.

**Chair:** It is a rare endorsement for the Public Accounts Committee that we will be a champion on this issue. As Mr Holden says, we have been banging on about this for quite some time. One of the concerns is that some parts of the country don't even have qualified teachers in certain subjects still, despite us raising that and talking about the golden hellos and all sorts of things. The worry for us, as you have picked up from Mr Holden's questioning, is that a lot of these piecemeal bits of funding, which have recently all been delayed as well, do not seem to come together as a whole. That is more of a comment than a question from me, so I will hand over to Sarah Olney, who will continue with the questions on this.

Q47 **Sarah Olney:** In the schools that I have spoken to in my constituency over the last few years, one of the massive cost pressures that they have had on their budgets is teachers' pay and benefits, particularly pensions. Those costs have increased by quite a significant amount over the last few years, and that has caused a lot of difficulty for schools, because my understanding is that they cannot actually control pension contributions—that increase has been mandated from elsewhere.

I understand that the Department was making separate grants to schools to help them with the costs of these pay increases and pensions, but from this financial year, instead of additional grants, it will just be incorporated into the dedicated schools grant—the overall schools block. Mr Foot, can you give us an assurance that the extra money that has been given to schools to help them meet the costs of teachers' pay and pensions will continue to be maintained in future years?

**Tony Foot:** Yes, I can, and that is through the period of the settlement that we have. Obviously, I cannot speak to future spending review periods, as those are for the spending reviews. Essentially, our approach on this was to introduce the grants separately, because we needed to do that quickly to make sure that the money got out to meet those costs, as





you have described it, but then to roll that funding into the mainstream system to make sure that we continue to keep the funding system as simple and as consolidated as possible. But that money still flows through to the schools in proportion to the costs that they face—on pensions, for example—and we have worked very closely with a lot of stakeholders to make sure that that is the case.

- Q48 **Sarah Olney:** That is good to hear, but is there not a concern that this extra money is now less transparent, as it is part of the overall schools grant rather than an additional amount? Is there a concern that it may not flow through to teachers' pay and pensions? Obviously, Mr Holden was discussing the real importance of being able to attract good teaching staff, so is that lack of transparency a concern?

**Tony Foot:** I don't think so, in the sense that they were established very clearly as separate grants at the time, when that was the mechanism we had to use. We have then worked very closely with external funding stakeholders to roll into the mainstream system, which matters for keeping the funding system simple enough, understandable, integrated, holistic and all those things that we are trying to achieve through schools funding in the round, but we work very closely to make sure that the baseline for every individual school that we are calculating funding against reflects the full allocation—on pensions, for example—so that people can have full confidence that that money flows through. In the calculations that schools can see on their individual budgets, they can track that through and understand how the money is translating across.

**Sarah Olney:** Thank you. Chair, I was going to ask about the SEND review update, but I believe we covered that at the top of the session, so I will hand back, if that is okay.

- Q49 **Chair:** Thank you. Further on the SEND point, we obviously have a further delay. I just remembered that we had some evidence from the NAHT team on the SEND review. Although you have quoted people in support of a delay, on the extra £780 million that you touched on in your answer, the NAHT team say that "it is abundantly clear that this will not address the £1.2 billion funding gap in SEND funding that the Local Government Association has identified." I would also highlight that the Local Government Association is a cross-party body. What do you have to say about that, given that we now have an unspecified, untimed delay in the SEND review? The extra money isn't going to fill the gap, is it?

**Susan Acland-Hood:** As I say, we have that £780 million, which is part of £1.5 billion going into the system over two years. But as I said, we are not just responding by making sure we are adding money. Through the programme that I described earlier, we are also working with the local authorities that have the most significant gaps on how they address the pressures and the challenges.

I can give an example: we have Hammersmith and Fulham involved in this safety valve intervention programme. They have looked at the drivers of costs in Hammersmith and Fulham and identified the need to deliver a



## HOUSE OF COMMONS

strengthened speech, language and communications offer at the SEND support level—in other words, at the lower level. What they are seeing is a lot of need going through to the higher and more expensive level because they have not got that offer at the lower level. That will help to make sure that young people are getting support at the right time, only escalating through the process if necessary—

- Q50 **Chair:** This is all very well, but these are piecemeal changes, Ms Acland-Hood. This is the problem. Without the full review and a full strategy, these might be good examples in their own right—I am sure you have got others—but actually, with a lot of SEND, particularly the high needs, it is quite brutally about cash. You will need that support to work one to one and you will need other specialist support. You can find ways, when it is group support, for example, or a professional category of support like speech and language, but even that ends up being one to one at times, so there will be a cost to that that you just cannot get away from. There is a cost base that will be pretty high, regardless, because this is not a cheap area to support, is it?

**Susan Acland-Hood:** I don't think it is piecemeal. What we are doing is strategically working with the local authorities with the highest cost pressures in order to address those cost pressures with them. We are seeing that work being effective. I am very happy, as I said, to write to you and to give you more examples of that.

You are right; there are aspects of this that are just about the cost pressure, which is why we put the extra £1.5 billion into the system, but the SEND review is more like the strategic version of what we are doing with each of these safety-valve authorities, which is to look at where the costs fall in the system and how we can make sure that we are spending as effectively as possible. Often, that is by pulling support down to lower levels of need, so that they get addressed before they get escalated and have to be met through extremely high-cost interventions.

This all helps us to inform the work that we are doing. I completely accept that the delay to the SEND review is frustrating, but it is not right to characterise that as meaning that there is no support and activity in the meantime. There is a lot of support and activity going on—

- Q51 **Chair:** I don't think anyone is suggesting that you are pulling the plug in the meantime, but it feels like just an interesting bit of work here and an interesting bit of work there. If you are a parent of a child with special educational needs and you do not live, say, in Hammersmith and Fulham and you need some of this support, that overall picture is a problem. You touched on speech and language, and there is a real challenge there that there are not enough people to do speech and language therapy. It is very difficult to buy privately, because people who do it in the public sector are not in many places allowed to do private work, because that would take away from the public resource. There is a real shortage of people. So, in all of this work that you are doing, are you looking at how you are going to skill people up, so you have the supply of the right skills to support people not just in Hammersmith and Fulham, but in all parts of



## HOUSE OF COMMONS

the country?

**Susan Acland-Hood:** Yes, and that is a conversation we also have with DHSC—

Q52 **Chair:** Exactly, it is not just down to you. If there is a conversation you are having, what is happening with that?

**Susan Acland-Hood:** As I say, we are working closely with DHSC on the supply of skills in these areas. We are also having a look at the shape of the workforce. I was in an AP setting on Monday—

**Chair:** AP—alternative provision.

**Susan Acland-Hood:** Sorry, an alternative provision setting. With alternative provision, the overlap with SEND is typically very high. I was talking to the headteacher there, who was working with a set of partners in her authority on some different professionalisation and staffing models. That is exactly the sort of thing that we are then feeding back into the central conversation. It is partly about getting people skilled and partly about thinking about the overall pattern of skills that you need for support at different levels.

Q53 **Chair:** Are you getting any traction with DHSC on training? Let us keep with speech and language as an example of a very skilled professional group. How long does it take to train the right numbers of people? What is the gap?

**Susan Acland-Hood:** We are certainly having good and productive conversations with DHSC on it. I am completely ready to say that this is a hard problem, because if you are skilling people to do this extremely well, it does take a bit of time to skill them up, which is why I think it is important to look in a granular way at what skills you need at what level, and how you can make sure that you are using the right skills for the right activities across the system.

Q54 **Chair:** I have to say, if you took a group of special needs parents in a particular area, they would probably know what the gaps were pretty quickly. We all see that as constituency MPs pretty emphatically just through our case load, let alone through any of the groups that we engage with. It seems to me that a big project is being made out of something that is a bit of local recruitment of speech-and-language or whatever other specialists. Where is the traction with the Department of Health, which will be funding the training and sometimes the payment of these professionals? Sometimes it will go through the health, rather than the education, budget. When you are having these reductive conversations, are you having conversations about money to pay for these people, these trained professionals?

**Susan Acland-Hood:** We are having conversations in the round that certainly cover funding, as well as skills and supply. At the centre of the SEND system is that bringing together of professionals around the child, from the health system, from social care and from education. That is a really important part—



## HOUSE OF COMMONS

Q55 **Chair:** Are you putting in a joint bid to the spending review with the Department of Health and Social Care, or any others?

**Susan Acland-Hood:** If you don't mind, the Treasury tends to respond really badly to us doing our spending review bidding in public.

Q56 **Chair:** Sorry. My point was that the Treasury is trying to encourage joint bids. We are talking about Departments working together. It is not about revealing what you might be bidding for, although if you have a SEND review coming, it sounds like you will have to bid for some funding somewhere. Are you looking at working jointly with the Department for Health in order to bid for funding for this?

**Susan Acland-Hood:** Absolutely. Yes, we are.

Q57 **Mr Holden:** I just wanted to pick up on a little bit of the SEND funding issue. One of the big pressures that I always hear from schools is that they have to find the first £6,000 of any special needs support on a per-pupil basis, which is a huge drain on school resources. There is this combination of people being pushed towards getting education, health and care plans, which is putting massive pressure on the education budget, and on the flipside of that, those with lower-level special needs—up to that £6,000 figure—are not being looked after in schools to the same degree as they should be, because the school has to find that funding itself. Are you concerned about these pressures?

**Susan Acland-Hood:** Yes. On asking schools to find the first £6,000, there is a notional budget that goes to schools to support that. However, if you do not ask schools to find the first element of support, you create an even stronger incentive for the schools to escalate everything to a plan. There is a balance to be struck between making sure that you are constructing a system that helps and supports people in getting what they need at school level but which means that they can go beyond that if they need to. That is absolutely the central conundrum at the heart of the SEND review work.

I entirely share your problem analysis, Mr Holden: we have a system at the moment in which it is not easy enough either for schools to provide, or for children and their parents to get, the lower-level early-stage help and support that might avoid the need for more expensive and costly interventions later; and in which parents and pupils feel that they have to go through the process of an EHCP to guarantee the support that they need for their child, which sets up an unhelpful dynamic in the system and means that we spend far more on later, more costly interventions, which in turn reduces the funding available for earlier-stage help.

Q58 **Mr Holden:** I know that Ms Olney will come on to some of this later on, but one concern that the Committee has, which I am sure will be shared by the Education Committee, is this golden ticket element of the EHCP that we sometimes see. That obviously advantages parents who know how to use the system, shall we say, to the disadvantage of, perhaps, if you look at the Education Committee's recent report, white working-class boys, who might not have parents who are as knowledgeable about the



## HOUSE OF COMMONS

system. They might not actually need that much extra support, but they are being badly let down because the system is not actually providing relatively small amounts of help at an early stage for some pupils but is instead being skewed towards providing whatever is determined by a court, which as you have seen from local education authorities across the country, can be hugely expensive.

**Susan Acland-Hood:** Yes.

Q59 **Sarah Olney:** When we have seen changes in the pattern of school funding over the last few years, one of the results has been to redistribute funding away from more-deprived areas and towards less-deprived areas. That seems to have been the impact. Ms Acland-Hood, how is that fair?

**Susan Acland-Hood:** When you stand back and look at this, what the national funding formula has done is to fix a system that was really quite broken. We hadn't been reflecting changes in need in the formula for quite a long time—since the early 2000s. What you are really seeing is the schools funding catching up with changes in patterns of deprivation since the early 2000s. Because of the way the patterns of deprivation have changed, we have quite a lot of areas that remain very deprived, but are not as deprived as they were in the early 2000s and quite a large number of other areas that remain a little bit less deprived, but are significantly more deprived than they were in the early 2000s. That creates what on the face of it looks like this slightly peculiar pattern of some areas that are less deprived having higher funding uplifts than those that are a little more deprived than they are. It is because it is reflecting a change in deprivation in those areas since the early 2000s.

When you look at it, we are in fact putting more through the deprivation factors now than we were in 2005. In 2005, around 19% of the total core funding went towards factors that were related to additional needs. In 2021-22, that is 21%, when you include the pupil premium. So we have actually tilted the funding more towards deprivation at the pupil level.

The other thing that affects it is the minimum per pupil funding levels, which are there to recognise that there is a base level of funding that schools need in order to operate and offer an excellent education for children. That also has somewhat of an effect of shifting money back in the direction of schools that have very low levels of deprivation, typically also very low levels of prior attainment. That only represents about 1.7% of the total funding going through the national fair funding formula.

I am going to hand over to Tony who has got some examples that help make this point about the shift over time in funding.

**Tony Foot:** I will just give one example to help exemplify what the permanent secretary has described, in terms of the funding system catching up with changes in relative need since 2005, which was the last time that the school funding system, prior to the introduction of the NFF, actually responded to underlying need.



## HOUSE OF COMMONS

The NAO Report rightly highlights London as an area that has seen low rates of growth under the NFF, but is relatively highly deprived across the country. Both of those things are true. Inner London growth has been relatively low under the funding system, but inner London is obviously a high deprivation area.

It is also the case that inner London is much less deprived relative to the national average than it was in 2005. To quote the figures on that, in 2005, 38% of pupils were eligible for free school meals in inner London. By 2020, that had dropped to 25%.

- Q60 **Sarah Olney:** Mr Foot, 2005 is quite a long time ago. How has it taken so long to update these numbers? Shouldn't they have been tracking changes in relative deprivation more closely and more regularly?

**Tony Foot:** As the permanent secretary said, the national funding formula was introduced to fix a system that had become broken. In the period between 2005 and 2017-18, funding did not respond to that underlying need. It took allocations from the previous year, layered additional money on top for particular priorities, without responding to the underlying changes and patterns of need in the country. By the time we got to 2017-18, I think the need for the national funding formula was very pressing. It is an extremely complicated reform. I have been working on it for five years with my team, going through a whole series of consultations to get to where we are. It is a tough journey and a difficult exercise to go through, but we are making good progress and we are well through the process.

- Q61 **Sarah Olney:** It might be that theoretically it is now a better way of allocating money and it is much more responsive, shall we say, to underlying patterns of deprivation in local areas, but individual schools will have been poorly affected by these changes. What assurance do you have that pupils in London and other cities, which have had real terms cuts in funding, that they haven't lost out?

**Tony Foot:** As I say, the relative pattern of deprivation has shifted. London went from 38% down to 25% on free school meals; over the same period, the national average went up from 16% to 17%. So, across that period, inner London became much less relatively deprived, compared with the rest of the country, and that is a big part of what you are now seeing in the shift in funding described in the Report. It is still the case, though, that London is funded much more highly than other parts of the country, reflecting its continued high levels of deprivation. For 2021-22, inner London is funded at £6,700 per pupil, compared with a national average of £5,228. So we still see a big difference in those levels, but the funding system has caught up with—sorry, is in the process of catching up with those changing levels of need.

- Q62 **Sarah Olney:** But under the national funding formula, the Department allocates most schools' block funding based on pupil numbers. There is massive concern, I think right across London now—we are certainly seeing this in Richmond and Kingston, and I believe that it is a London-



## HOUSE OF COMMONS

wide problem—about falling rolls. A number of schools in my constituency, which would normally be admitting classes of 30 this September coming up, are looking at classes of 28, 27 or 26. And when funding is allocated by number of pupils, that is going to have quite a big impact on school funding. Certainly I have a number of local schools that are single-form entry, so that will have a proportionately large impact. Presumably the DFE is aware of this particular issue. What are its plans to tackle the issue of falling rolls and the way that it impacts school funding?

**Tony Foot:** Absolutely. I will describe two things—one within the formula itself and then a second within how the formula is operated. Within the formula itself, there is a balance of funding between pupil-led factors and school-led factors. For school-led factors, there is a single lump sum for schools, regardless of size. This covers some of those fixed costs that do not vary with pupil numbers, as you say. And then within the operation of the funding system, there is a mechanism called the falling rolls fund, which allows local authorities to support schools that are going through changes in pupil numbers where those changes are having an impact on financial sustainability but that provision is still needed longer term. We are consulting, through the hard NFF consultation, on how that system will operate in the future under the hard NFF as well. So there are mechanisms to respond to that issue, through those two routes. Of course, there is a balance, though, between providing funding on a school basis and providing funding on a pupil basis. We are trying to distribute the funding as efficiently as we can across the system as a whole.

Q63 **Sarah Olney:** Are you confident that the falling rolls fund will have sufficient resources in it to support all those schools that might need it? As I say, it does seem to be a particularly pressing issue for the next academic year.

**Tony Foot:** There are mechanisms for that to vary according to local need and the context in a particular area. I'm afraid I am not up to speed with the specific context in Richmond and Kingston, but I am happy to take that away and look at it if that would be helpful.

**Sarah Olney:** Thank you.

Q64 **Chair:** To be clear, Ms Olney is not talking just about Richmond and Kingston. There is some evidence, certainly in London, although we are also picking it up from other parts of the country through colleagues across the House, that Brexit means some people have left. In certain parts of the country, including inner London but also areas where you have people wanting to staycation and tourists, Airbnb means you have people living in places who do not have children going to school; this is an issue in some boroughs. These are factors that I would hope you are keeping an eye on. Do you have any understanding of the pattern of school rolls dropping and what causes are behind that, and if so, what are you doing about it? Mr Foot is nodding, but who wants to—

**Tony Foot:** I will have the first go and then Susan may want to comment as well. Yes, we do track that very carefully. Elsewhere, I am also responsible for the basic need funding system and for the capital



## HOUSE OF COMMONS

allocations that operate in terms of place creation. And for that, we collect data every year from local authorities, forecasting many years out into the future, and then we have a regular dialogue with the authorities that are seeing the biggest changes and the biggest pressures.

Q65 **Chair:** So what do you think? I have just highlighted some that have come to us through informal means. Does that mirror what you are seeing at departmental level?

**Tony Foot:** I recognise the themes you are describing there and I certainly recognise the impacts in London with some changes in patterns of living, with people moving out of the capital in some circumstances and some contexts. Yes, you can see that in the data.

**Chair:** And what are you doing? That could be a temporary blip. In the past, we have seen school buildings closed, turned into flats or whatever, and they are never there again, so are you looking at working across the piece to make sure that we do have provision if school numbers increase again in any area of the country?

**Tony Foot:** Absolutely. We do that through the capital funding system and making sure that the capital flows according to projections of pupil need, and we do it through the revenue funding system, through this mechanism I have described on the falling rolls fund, to make sure that where you see temporary blips you do not lose provision that is ultimately going to be needed.

Q66 **Chair:** In the past when this Committee has looked at pupil planning, the Department says it is down to councils and councils sort of take some responsibility, but no one does it very well. Do you think you have got it better now, Mr Foot, from what you are doing?

**Tony Foot:** I think so, yes. There are parts of the country that do it very well, and we have learned a lot through the demographic expansion from 2010 all the way through the 2010s. Our data is far, far better than it used to be: we now have that at local planning area level for 3,500 planning areas across the country, forecast multiple years out into the future, and that allows a really granular understanding of what is happening and how we should allocate funding to reflect changing patterns of need.

Q67 **Chair:** In the past, we have also seen examples—we will no doubt see this with the flow of people moving around—of sudden surges in certain places. A child can register in a school basically at the end of the school year, in July, that has one number of pupils and then has an influx for various reasons in September. One of the challenges has been how fast the Department can support a school that has suddenly gone up in its numbers. With the mechanism you have described, can you do that that quickly?

**Tony Foot:** There are mechanisms to do that. One of the things we learned through the national funding formula first stage consultations was precisely on that point around mobility. Our original NFF proposals would have taken the mobility factor out of the system: we proposed that because we thought it did not shift enough money around, and that





creating the simplicity benefits meant that it was worth taking it out of the funding structure as a whole. We got a very strong reaction through the consultation, and people made very well-argued cases that, for individual schools and individual areas, mobility was a big driver and a big impact, so we reinserted the mobility factor as a result of that. We accepted a higher degree of complexity in the construction of the NFF in order to target that issue particularly.

**Chair:** While I welcome the fact that you are listening to consultations, it is slightly alarming that it took the consultation for you to be reminded of that. Anyway, I will throw it back to Ms Olney to continue on this.

**Q68 Sarah Olney:** About 18% of the funding that schools receive is linked to pupil need, which might be things like deprivation, low prior attainment, or English as an additional language. Why is it less than a fifth? Why, of all the funding given to schools, is only less than a fifth based on pupil need?

**Tony Foot:** As the permanent secretary said, that is actually a higher proportion than it was under the 2005 system, and that does mean very significant allocation increases for pupils with additional need. For example, for a free school meal pupil simply eligible for a free school meal and not ticking any other additional needs on the income deprivation affecting children index—IDACI—or for English as an additional language, the average increase is about £2,300 per pupil across the core funding system and the pupil premium. At pupil level, that is a significant difference in funding allocations, but of course at the core of the system, there is a high cost associated with providing a great education for pupils with any profile of need, and that is reflected in the money that is allocated for the basic per pupil unit before you then start putting additional needs on top of that funding.

**Q69 Sarah Olney:** You mentioned the free school meals pupil premium. Headteachers in my constituency are telling me that the most recent census, they call it, of free school meal pupil premium pupils—those qualifying for the extra funding—was done in October, yet they saw significant changes in need between October and January, which is when the census would normally have been done. Why did you change it to October, and do you think that many schools will have missed out on additional funding as a result?

**Tony Foot:** I absolutely recognise the issue, and have obviously discussed it with funding stakeholders as we have gone on. The first thing to say is that pupil premium funding is still rising into this year: it is up by £60 million compared with last year, although, as you say, it is not as high as it would have been if we were using the January census. It is—

**Q70 Sarah Olney:** Sorry to interrupt you, Mr Foot, but why did you change it from January to October?

**Tony Foot:** There were two reasons for that change. The first was to align the funding system, to get greater consistency. We use the October census for most aspects of school funding, and this was bringing the pupil



## HOUSE OF COMMONS

premium into line. I should say that we are being consistent on that point, and there is a change elsewhere in the national funding formula, which is going in the other direction for 2022-23, where we would have used the January 2020 census numbers and will now be using the October 2020 census numbers. So that is nine months of less lag in terms of allocations going out for 2022-23, for free school meals.

Q71 **Sarah Olney:** But schools will not see that cash for at least another two years—is that right?

**Tony Foot:** They will see it from April 2022, as part of that. We are aligning the funding system and being consistent on that point. The other reason was certainty and clarity. This was a particularly uncertain year, for all sorts of reasons, with high levels of economic uncertainty and high levels of uncertainty around the census itself, in the context of not knowing how schools were going to be operating in January. For those two reasons, we had a certain October census number and went with that. Those were the two drivers behind the change.

Q72 **Sarah Olney:** It feels a little bit like you have lined up your policy and made it look nice and tidy, but schools at the sharp end are missing out on funding.

**Tony Foot:** I would reassure you that we do not manage the individual budget lines in that way. We manage the core schools budget as a whole—the £49.8 billion that is provided for the system overall in 2021-22. That is still what we expect to spend across the system as a whole. It is not money that has been removed from the system.

Q73 **Sarah Olney:** Apparently schools lost about £90 million in total. That is in a period when they are seeing extra pressure, in terms of the additional costs of covid; I know that all the schools in my constituency are telling me about additional pastoral costs for young people who have really struggled with their mental and emotional health and possibly difficult family circumstances during lockdown. They have had all the additional costs of delivering teaching. They have had staff absences to cover. But, because of this tweak to your spreadsheets, those schools have lost £90 million. Was that the right time to make that change?

**Tony Foot:** I might bring in Julia in a second, to talk about some of the funding increases in response to the specific issues you are talking about on workforce and covid costs, and so on. However, to underline it again, it is not money that has been removed from the system. The £49.8 billion budget is managed overall and in the round. Within the core schools funding settlement, there are overall increases of 3.5% on mainstream schools, and—as the permanent secretary said—increases of £780 million, or around 10%, on high needs: so, very big increases are going within the core settlement.

I might pass over to Julia to talk a little bit about the covid—

Q74 **Sarah Olney:** I will come back to covid costs later, if that is okay. I will press on for now. Ms Acland-Hood, what we have seen is that, obviously,



## HOUSE OF COMMONS

the Department has a goal of levelling up, but—as we were discussing with Mr Foot—schools in some of the most highly deprived areas have not seen as big an increase as some of the schools in the less deprived areas. If you are putting a levelling up lens on it, how can you have ended up in a situation where more deprived schools are receiving less of the funding increase than less deprived schools?

**Susan Acland-Hood:** As Tony set out, what we are doing is making the funding follow deprivation more closely. Because we are catching up with lags in the system that did not do that over that early 2000s period, we are seeing that shift. I can give you another example. Tower Hamlets had 57% of pupils on free school meals in 2005. It now has 33%. Blackpool had free school meal levels of 21% in 2005 and now has 32%. If you look at those two figures, technically Blackpool is less deprived than Tower Hamlets. But, Blackpool has got significantly more deprived over that period and Tower Hamlets has got significantly less deprived. It would be very perverse if over that period Tower Hamlets had seen a larger increase than Blackpool, wouldn't it? The headline that says a less deprived place has seen a higher funding increase than a more deprived place sounds odd, but when you understand the shift in deprivation over the period, that is actually the funding following the deprivation well.

Actually, Blackpool's funding still significantly lags behind Tower Hamlets. They are getting very close in levels of deprivation. Tower Hamlets is still getting—I have the 2017 numbers for this. I apologise, but I can send the updated numbers. In 2017, funding per pupil in Tower Hamlets was £6,965 and in Blackpool £4,493. So we are catching up, but the important thing is whether the funding is effectively following those changes in patterns, not just what the absolute levels look like.

Q75 **Sarah Olney:** To what extent did you expect the minimum funding levels to benefit the least deprived schools in the way that they have?

**Susan Acland-Hood:** We always knew that the minimum funding levels were likely to benefit the least deprived schools, because the funding formula is quite tilted towards deprivation. So, if you have a system that says, "Let's take the funding formula, let's tilt a significant amount of funding towards the most deprived pupils, but then let's look at what is happening in the schools that have got the very lowest levels of funding per pupil, they are highly likely to be the least deprived schools." But, as I say, it is only about 1.7% of the total funding that goes through those minimum funding levels, so it is not a big gearing on the total amount.

What it does is to address the needs of a relatively small number of schools that would otherwise have very low relative overall funding levels per pupil. It is important both to recognise the fixed costs that apply across a whole school and, really importantly, although we try to look in the round at deprivation through the factors we put into the formula—so, not just free school meals but the income deprivation affecting children index, or IDACI, which looks at area-based deprivation, low prior attainment, which we know proxies for other types of deprivation that are

not necessarily captured—we will never catch every type of deprivation and additional need through a set of formula factors.

That is the other reason why we think it is reasonable to make sure that we are not leaving those schools funded at a very low level, because if they have a child who is not ticking a formula factor but nevertheless is very vulnerable, perhaps because they have mental health needs or need additional support, we want that school to be able to respond to that need.

That was quite an important thing during the pandemic, actually. For example, when we were identifying vulnerable children who should be able to stay in school during lockdown, we trusted schools to make some decisions and some judgments beyond just the categories and the tick boxes. And we know that the expertise that schools and teachers have in recognising need is important, too.

- Q76 **Sarah Olney:** Can I just ask why you are using free school meals as your measure, particularly in the light of a policy change since 2005 which means that all infant school pupils now get a free meal? Is free school meals still a good measure of deprivation? Is it robust?

**Susan Acland-Hood:** We obviously do not use the universal infant free school meals numbers as part of the FSM calculations that go into deprivation in the national funding formula. So, if you are getting your meal as an infant because you are part of the universal system rather than because you are deprived, that does not play into the factors.

As I say, we use a basket of indicators. So, we use free school meals; we also use IDACI, which is an area-based measure; we use low prior attainment, English as an additional language and mobility.

- Q77 **Chair:** Can I just ask about the infant meals, on that point? I know that schools try to get their pupils or parents to register, nevertheless, for free school meals, because of this problem of measuring. But why would people bother to do that when they get the free school meal anyway? Do you think you are missing a cohort and missing vital information because you do not know about the pupils coming in to those early years of primary school?

**Susan Acland-Hood:** It was certainly a risk we looked at when we introduced universal infant free school meals, and we worked really hard with schools and representative bodies to make sure that we could support easy registration and encourage people to register. In schools that explain that to the parents, we see parents who understand the impact that registering for free school meals has on their school's budget. So we have done everything we can to mitigate the risk.

We did not see a significant shift. One of the signals that you had a problem would be a significant shift in those numbers. I think it is right to say, Tony, that we did not see a particularly significant shift in free school meal deprivation-related numbers in that infant cohort.



**Tony Foot:** That is right. I would just add one thing, which is that at the time of the introduction of NFF in 2017 we also looked closely at both that issue and the right balance between free school meal allocation of funding and area-based deprivation. We did a lot of research on that issue, trying to pick up the right balance between them, and we did shift a little bit of money into the area-based measure, compared with the pupil-led measure, because that was telling us holistically; that was picking up deprivation needs better than the previous—

**Chair:** Certainly I would see that in my constituency very visibly.

Q78 **Sarah Olney:** The Report is telling us that about a quarter of the additional minimum per pupil funding went to just 204 schools, which is only 1% of the total, and that each of these schools received more than an extra £350 per pupil. But these 204 schools were relatively less deprived: 70% of them had been graded as outstanding, and 100 of the 115 secondary schools were selective. It doesn't feel to me like those would be the most—what's the right word?—in need of the additional funding. So why was it these 204 schools, if so many of them had already been graded as outstanding?

**Susan Acland-Hood:** As I just explained, when you have a formula that is relatively weighted towards disadvantage and low prior attainment and you look at the schools that are ending up with the least through that formula, they are quite likely to be schools that have low levels of deprivation and high levels of high prior attainment, which is why you get the selective schools in that category. The amount that is going in is very small as a part of the overall funding and, as I say, it is there to recognise the fixed costs that come from running a school of any kind, but also that we are not always going to capture all the additional needs that children may have. What it does is just top up those schools, so that we can say confidently that we know that, in every school in the country, primary pupils are getting at least £4,000 a pupil, and secondary pupils are getting at least £5,150 a pupil.

Q79 **Sarah Olney:** Given the way academy schools and academy chains—multi-academy trusts—produce their annual accounts, it is not easy to see how the per pupil funding has been provided. Mr Sharp, could you tell me how parents would know whether their child's academy school had received the minimum per pupil funding that they were promised, if they wanted to analyse the accounts?

**Warwick Sharp:** I think the most accessible place to go if you are a parent would be the financial benchmarking website, rather than the academy accounts, although you could also go to the latter. If you go to the financial benchmarking website, you can look at every school in the country, whether that is maintained or an academy, and you can break it down by income that's allocated and expenditure by theme—all the main themes. You can cut that in different ways, including per pupil. You can also get more detail on the academy accounts. An academy trust will publish detailed—they have to do this—funds analysis, which shows how it breaks down by academy and by central surplus; it is broken down by



expenditure as well. You could also download returns if you wanted even more detail than that.

- Q80 **Sarah Olney:** But with a multi-academy trust who are going to be pooling funds at central level and then allocating out to individual schools, how could any parent be sure that at the school that their child was at, they were getting their full amount of per pupil funding and that it had not been pooled away, as it were, in favour of other schools?

**Warwick Sharp:** It is important to say, first of all, that the academy trust is the legal accountable body. The structure that Parliament voted for is that, legally, the academy trust receives the payment for each academy. And every CEO and finance director that I speak to makes decisions on behalf of every academy, meeting the needs of every academy, in the interests of all pupils. There is always an appeals mechanism in place, including through the ESFA, but we find that that is very rarely needed, because trusts operate for the benefit of all pupils, and we hold them to account in that way. This is a deliberate freedom. Every trust looks at the needs of every single school and every single pupil. It can make sense to pool some of the funding. That might be to support a school through a particular transition; to deploy central expertise; or to save up for capital projects. It's a deliberate freedom, but one that is accompanied by a lot of transparency and rigour.

- Q81 **Sarah Olney:** Ms Acland-Hood, why is it that local authorities have to apply the minimum funding per pupil levels, but academy trusts do not?

**Susan Acland-Hood:** Academy trusts and local authorities have different roles in the system. An academy trust has a different set of accountabilities for the funding it spends and has direct responsibility for the provision of the education in the schools that it runs. The role of the local authority in the system is to distribute the funding fairly between its schools, rather than to run the schools directly.

- Q82 **Sarah Olney:** But does that not mean that there is a danger that those in academy schools are getting less than they should do, because there is no mechanism in place to ensure that every pupil at an academy school gets their minimum?

**Susan Acland-Hood:** It means it is different for pupils in academies. The trust has to take responsibility for the operation of all the schools in the trust and run them as well as it possibly can. There are circumstances, particularly where a trust may take on a challenging school, where they pool funding in order to do things across the academy chain that have benefits for all the schools but may, for a period, help one school more than another. As Mr Sharp has said, there are appeal mechanisms if an individual school feels that it is being disadvantaged by that. But in general, you can see the benefit of those arrangements for all the schools in the trust.

- Q83 **Sarah Olney:** But for a parent, whose child is only at the one school and is only going to get one experience of a school education, if it is their concern that the particular school that their child is at is not receiving a



## HOUSE OF COMMONS

fair amount of funding, or if they feel that their child is being underfunded at school, what mechanism do they have to hold the academy trust to account?

**Susan Acland-Hood:** All we suggest is that any time a parent has a concern about anything that is happening in their school and their trust, the first step is to speak to their headteacher and then have a conversation with the governing body. But this is not something that is filling my postbag at the moment, I have to tell you. In general, parents in schools in good-quality academy trusts see the benefits that they bring for the education of their children, and what is important is the outcome in terms of the education. In no school does a parent know that the school is spending a particular amount on their individual child—that is not how the system is set up.

Q84 **Sarah Olney:** In a local authority school, they are required to spend the minimum, are they not? But we simply do not have the levers—parents, or whoever, do not have the levers to ensure that that is happening in multi-academy trusts. If a parent was concerned—I am talking about a theoretical situation—that their child's school was not receiving the full per pupil amount for each child there, what mechanism would they have to ensure that that was the case? They don't need that mechanism for a local authority school, because it is already required.

**Susan Acland-Hood:** I will bring Mr Sharp in again, but as he described, there is an appeal mechanism that schools can use, and a parent could go to the school and ask that they work through that appeal mechanism. Mr Sharp, do you want to speak about the extent to which this is something that we see happening?

**Warwick Sharp:** Yes, of course. In technical terms first, a parent can make a complaint. They can make it to the ESFA, and we will always investigate. Then the—*[Inaudible.]*

**Chair:** We have lost Mr Sharp. Perhaps you could turn off your camera, Mr Sharp, if you can still hear us. Someone can send him a message and we will come back to him. Ms Acland-Hood, do you want to pick up again on that?

**Susan Acland-Hood:** I think Mr Sharp was going to say that we have a complaints mechanism that works through the ESFA and that a parent can use individually. There is also an appeal mechanism at school level. There is an important point here, though: even in a local authority-maintained school, the per pupil amounts are there to try to make sure that the overall amount of funding is fair. It is really important that headteachers and the leaders of schools have discretion about how that funding is used in support of all the pupils in the schools—a collective. No parent knows that that precise amount is being spent on their individual child in any school. What they know is that the school is being well funded overall to provide a good-quality education. For a trust, because the accountability sits at the level of the trust, as the trust is running the school, they know that the trust is being funded well enough to run the schools in its care,



## HOUSE OF COMMONS

and that they are making good decisions about that. If they are worried about whether the trust is managing that well, there is a broader problem there than a school funding problem, and it is important that they take that up.

I think Warwick is back with us. Warwick, you were just talking about the complaints system.

**Chair:** Mr Sharp, you were cut off mid-sentence. Do you want to try again?

**Warwick Sharp:** My apologies. That was the worst possible time to be cut off, but I heard the permanent secretary make a number of the key points. I think I was saying that standards of financial management and the governance of the academy sector are really high, but also when I speak to every CEO and finance director I speak to, I think their experience is that they make these decisions in the interests of every single pupil. Parents have access to our benchmarking website and have access to things like being able to download financial returns. I think the very great majority do not feel the need to do that because they believe in the decisions made by the trust, and there is this appeals mechanism, which is extremely rare, but it is available if needed.

**Sarah Olney:** I think the point I am trying to make is not so much that parents should have a mechanism, but more that they should not need one. They should just know that their child's place is being funded fairly. They have that assurance in a local authority school because local authorities are required to fund at a minimum level. They do not have that at an academy school, and there is no requirement, there is no transparency and there is no way of being able to tell how individual schools and individual children are being funded. I do not think most parents would want to take this up as a complaint; my point is more that they should not have to. It should just be clear. It should be within the rules. It should be very transparent. It should be very clear from the information available. I think that is the point I am making.

Q85 **Chair:** Ms Olney, let's just be clear that it is not just you or this Committee making that point; it was indeed a prime ministerial commitment to have a minimal per pupil funding. Yet if your child is in an academy school, you have no idea, whereas if it is local authority, there is a different transparency approach.

It is all very well, Mr Sharp, talking about appeal mechanisms. Most parents are not that fussed about that. They just want to be able to look it up on a website and see what is happening if they feel they need to do that. It is this opaqueness of funding—taxpayer funding—to schools, benefiting pupils and families, but you cannot see it. What is the reason? There should be no reason why academies should not have the requirement to publish information at school level.

**Susan Acland-Hood:** I think you can see that on the benchmarking website that Mr Sharp was talking about. The transparency is absolutely there.





**Q86 Chair:** I have to say that this Committee has had examples of schools where parents have asked for financial information from a school board that is not quite a governing body because it is part of a bigger academy chain and not been given it. When you have academy chains that are geographically spread, you do not really have any local connection, and not even a regional schools commissioner that can have oversight of that particular trust, so it goes right up to Whitehall to get the oversight, which is a very long way from a pupil in an individual school.

**Warwick Sharp:** If I might, Chair, I think possibly some of that is historic. If a parent goes on the financial benchmarking website now, puts in the name of the school and hits search, it shows allocated income and expenditure. On expenditure, you can break it down in a number of ways by theme and per pupil. So a parent can go on websites for a maintained school or an academy, and they can see that detailed information. That was not always the case, but it is absolutely the case now.

On the earlier point, I would add that Parliament voted for a structure where the trust is the legal accounting body. I think the reassurance that I would give to parents is that there is a very rigorous system in place to hold trusts to account—a very detailed framework. We take forward really extensively assurance, reviewing accounts, sampling internal audit reports, etc. Where necessary, there are ways in which we can both support and intervene, but it is rare because standards of management governance are very high across the sector.

**Q87 Sarah Olney:** Can I just be absolutely certain, Ms Acland-Hood, about the point you made there? If I was the parent of a child in a multi-academy trust school, and I was unsure—I was unhappy and felt that it was likely that the school my child was at was receiving less money or less funding than another school in the trust—I would definitely be able to find that information on a website somewhere?

**Susan Acland-Hood:** Yes, that is the schools financial benchmarking website. That is correct.

**Q88 Sarah Olney:** Okay. Thank you. I want to ask a little bit more about the hard national funding formula. The report talks about how school budgets are going to be set directly by the Department, but legislative change is required. What is the timescale for that?

**Tony Foot:** I think we probably went through quite a bit of that with Mr Holden earlier.

**Chair:** But on the timetable in particular.

**Tony Foot:** As I say, we have not committed to an end point and a specific timetable on it. The consultation that went out on 8 July tests and proposes a mechanism for moving towards it, which would effectively bring local authorities progressively closer towards the national funding formula over time but taking that in steps and evaluating the impact as we go. So there is a clear proposition on the path and we are testing that construction and the rate of progress that we can make. But we recognise



## HOUSE OF COMMONS

that it is a very complex reform—the whole NFF experience has been since 2017-18—and we want to work very closely with the sector and authorities to get it right as we go.

Q89 **Sarah Olney:** If every school has its own budget, will that impact academy trusts' abilities to pool funding in the way we were just discussing?

**Susan Acland-Hood:** No. We think the pooling of funding is a feature, not a bug. We think it helps trusts to do the thing we want them to do: to run groups of schools together. As I say, the difference is because the trust has a different role in the system from the local authority but the same freedom that we give to a headteacher and an individual maintained school to think about how funding is distributed around their school to do the best for the pupils in their school. A parent does not have any guarantee that the amount notionally allocated to their child is spent on their child. What they know is that the headteacher is making good decisions about the whole of the budget for the whole school.

At trust level, we expect that a trust will make good decisions about all the children in their trust, and the pooling allows them to do that. Because the accountability sits at the trust level, that is a different system and a different piece of the architecture from the role of a local authority in respect of maintained schools.

Just to give you an example, if you look at the Sapientia Education Trust in Suffolk and Norfolk, they pool their GAG. They also give delegated school budgets, which they think give them the best of both worlds. So there is autonomy at school level, but they have more central resources that they can flexibly deploy. They have used that pooled funding to do things like supporting a number of smaller schools that have come into the trust to ensure continuity of provision when there is staff absence. Things like being able to move members of staff to fill gaps across the trust are supported by GAG pooling. Otherwise, if a school was left to do that individually, it might struggle to manage that continuity. The trust has also used it to smooth out lagged funding attached to a small school that joined the trust and was then—

**Chair:** Can you repeat the name of the trust?

**Susan Acland-Hood:** Sapientia Education Trust in Suffolk and Norfolk.

**Chair:** Thank you.

Q90 **Sarah Olney:** My question is still, though, if you have got an individual school's budget, what is the GAG funding in that? Is that a bit of the budget that they can use for pooling? Is that how it works?

**Susan Acland-Hood:** The academy trust is the level at which the funding is allocated and can be managed—

**Sarah Olney:** I understand now. That makes sense.

Q91 **Chair:** We have had some confusion about the figures on the website that



## HOUSE OF COMMONS

people can look up. Can we be clear that you can look up expenditure but not the allocated per pupil minimum funding? Is that right, Mr Sharp?

**Warwick Sharp:** You can break it down by allocated income and you can break it down by expenditure. So I think what would be most useful for parents is going on the website, where they can see the expenditure per pupil at any school—

Q92 **Chair:** That's different. The Prime Minister has a commitment to have a minimum per pupil funding level, but we are saying it is difficult to see that at academy level. It might be helpful to bring in Laura Brackwell from the National Audit Office because she is all over these numbers and it would be helpful to get a very clear understanding. I think we may be talking at crossed purposes with the Department. Can you help us out, please?

**Laura Brackwell:** My understanding from looking at the benchmarking website is that, as Warwick said, you can see the income per pupil for an academy school, but that income includes a number of different funding streams, one of which is the schools block, and it is the schools block element to which the minimum per pupil funding level applies. So I do not think that a parent could look at that and see that a school was receiving the minimum per pupil schools block funding that has been announced by the Department and the Government.

**Chair:** Thank you very much; that is very helpful. Mr Sharp, have you got anything to add?

**Warwick Sharp:** I think it is the most useful bit of the website for a parent who is looking at an academy school and wants to compare the expenditure—

Q93 **Chair:** No, you have explained before what you think is the most useful thing. Ms Brackwell has explained very clearly that you couldn't extrapolate from the figure available the per-pupil minimum funding. It covers a wider amount of funding than the minimum funding pledge that the Prime Minister himself has pledged to deliver. I am pretty sure you are not saying that you disagree with the National Audit Office. Perhaps you would like to be clear.

**Warwick Sharp:** It is true that that income figure includes a number of sources. It includes, of course, self-generated income. It might be that—

Q94 **Chair:** What we are picking up here is loud and clear. This Committee has highlighted a number of times in the past that transparency on school funding is really important. When you have a multi-academy trust, it is much more opaque. Generally, for all schools, there needs to be a better process. Do you have any minimum standards that you would expect to see, Ms Acland-Hood, about schools and how they present their financial information? It is actually quite hard to find schools' accounts if you do a bit of mystery shopping, whatever the school, but with academy trusts there is obviously a group, which makes it even more difficult to source what is happening in your own child's school.



**Susan Acland-Hood:** I strongly support transparency in what schools of all kinds are putting in the public domain. I am really happy to look at whether there are more improvements we can make to the financial benchmarking website to make it more helpful. There is a challenge here about what people are looking for and for what purpose. For many purposes, you might well be very interested in what the school's actual income per pupil is that they can spend—

Q95 **Chair:** Let us not try to speculate why parents might look this up. The point is whether the information is there. I remember that in 2017 there was a lot of concern about school funding. It came up as a wave from the grassroots, from people who were not what you might call the usual political activists. Many of them were very concerned and approached me and other MPs saying, "I can't get information about the school budget." Governors were saying, "I can't give this to you. We're not allowed to." I am confused about what they could put in the public domain. It seems to me that, once people have the numbers, what they choose to look for in them is up to them, but you seem to be agreeing that those numbers should be public. It is taxpayers' money, and it should be transparent.

**Susan Acland-Hood:** Yes, I completely agree with that. I think the schools benchmarking website is big step forward, because it provides comparable information between schools that parents can find easily.

**Chair:** We are all after more data, rather than less, but presented well so that those who are good at understanding data can look at it and those who perhaps find it a bit harder can also get a clear understanding. We recognise that simplifications can sometimes be challenging. We may be on the same page on that.

Q96 **Sarah Olney:** I want to move on to the impact of the covid pandemic on school costs. There has obviously been a huge upheaval in schools, and there are all sorts of additional costs, which I alluded to earlier. Obviously, there is the extra cost of teaching children at home and of staff absence. A massive issue for my local schools is the pastoral care required for children returning to school who have had a difficult time. Obviously, lots of schools are engaged with catch-up provision. Ms Acland-Hood, schools have been limited in what they can claim in terms of the costs of additional expenses. Why did you limit that?

**Susan Acland-Hood:** I think it's really important that we have a system in which there is consistency about what we fund between schools. The balance needs to be struck between recognising the real costs that were in the system and managing what will always be a limited amount of total funding available.

First of all, we put in the exceptional costs fund last year, out of which £139 million has gone for claims across the system. That focused on cleaning costs relating to covid, the cost of opening schools in the half-term and the holiday and the cost of providing free school meals where the voucher scheme was not being used. We then introduced the covid workforce fund later in the year, which has offered funding for schools to

help manage very high staff absence, where that was at risk of putting the school into financial difficulty.

We have obviously also made around £400 million available for investment in devices and about £100 million of funding available to support secondary schools, colleges and specialist settings with the cost associated with delivering testing, and then you have over £3 billion going through the covid recovery package, which includes the £650 million catch-up premium. That is a per-pupil amount allocated to every school, which they can spend on a much broader range of costs. The £302 million recovery premium, which follows on from that, is more targeted at deprivation. Then there is the funding going into tutoring and teacher quality, and £200 million for summer school provision.

We were seeking to strike a balance between funding that goes in generically to support all schools with, for example, the costs of catching up, and making sure that we were recognising some of the largest and lumpiest additional costs that schools faced.

- Q97 **Sarah Olney:** Mr Sharp, comparatively few schools have received funding to help with staff absences. Only about 4% of schools have had assistance with the cost of staff absences. Why so few? It has been a big problem right across the country.

**Warwick Sharp:** Can I give a couple of points of important context? First, funding continued over the course of the pandemic, and we are confident that the financial health of the sector has held up well, which is thanks to the brilliant work of many schools across the country. We know that from the returns that are coming in, from our work with trusts and local authority maintained schools, and from other forecasting information.

Three main funds were available. There were certain criteria, of course, because we thought hard about the exact need and the costs. The figures are, as you say, within the context of a system where the financial health is holding up well.

- Q98 **Sarah Olney:** But don't you think that the criteria you imposed meant that too many schools are excluded and that they are now struggling with their staffing costs, as a result?

**Warwick Sharp:** I think it's right that additional funding has to be targeted because it is above and beyond all the continuing funding and allocations. I am not suggesting for a minute that it hasn't been a hugely challenging time across the school system, but from the early information coming through, 90% of the returns for academies, which take you to August 2020, a few months into the pandemic, show more trusts moving into a surplus or cumulative balance position. It is 96%, which in the context is clearly very high, and they show an improving surplus position.

I know that the next few months were very challenging and that that varies across schools, but in the context of a system where financial health held up well, where there were signs of financial stress, we targeted additional money in a way that we thought was appropriate.



## HOUSE OF COMMONS

Q99 **Sarah Olney:** Ms Acland-Hood, have you collected additional data from schools or made any kind of systematic estimate of the additional cost for schools arising from the pandemic? As we have seen, those costs will have arisen from a wide variety of sources.

**Susan Acland-Hood:** We work with schools to identify, for example, those categories that I described for the exceptional costs funding and we talked to them about the areas where they were seeing the most exceptional and lumpy costs. We did not go out and do a detailed and comprehensive additional data collection exercise, partly because we wanted to make sure that during the pandemic, we only asked schools to do things that were really essential and deeply purposeful.

We knew that schools were already facing a colossal additional set of burdens and it did not feel like the right time to send them an incredibly detailed spreadsheet of cost detail to fill in, when at no time do we operate the system on the basis of activity-based costing and then meeting of specific needs. We knew we were always going to be in a position where what we put into the system was responding to the biggest lumpiest costs and to the schools that were facing the greatest pressure.

We have to remember that we have a standing system, which operated all the way through this. Schools that were facing exceptional challenge and difficulty were able to go to their local authority or come to the ESFA to help them manage acute financial difficulty. As Warwick has said, at the moment we are not seeing positions of really acute financial distress, although of course we recognise that there has been pressure on school budgets.

To be honest, to go out and ask schools to fill in an incredibly detailed additional return on their costs, when we know that the practical thing that we were going to do was going to be more about recognising areas of more acute pressure, which we could do in a more straightforward way, did not feel like a proportionate thing to do in the middle of a pandemic.

Q100 **Sarah Olney:** Could you not have provided schools with more options to reclaim costs as they arose?

**Susan Acland-Hood:** I think what we were trying to do was to work with schools to identify those areas of costs that were the lumpiest and most difficult for them to manage. There is always a trade-off between moving quickly, and making sure that you are getting money into the system, and the complexity of what you ask. There is also always a trade-off between giving schools flexibility and being confident that the money is being fairly and well spent.

Q101 **Sarah Olney:** A lot of the schools in my constituency are telling me about the lost income that they have experienced as a result of the restrictions. They might normally have been letting out their sporting facilities and similar things like that, and that is having a massive impact on their budgets next year. What is the Department doing to help schools with the lost revenue that they are experiencing?



**Susan Acland-Hood:** I recognise that, and it is something that we hear as well. I think this is a really good example of the carefulness that we have to exercise in how we respond to those kinds of difficulties. As I say, the first thing is that we have more money going into the system overall in this period in any case, and we have those additional funding streams that have gone in, but if, for example, we were to set up a system that compensated schools for lost income, we would effectively be putting more money into the system for the schools that, in normal times, find it easier to raise revenue than those that find it more difficult to capture additional income.

Typically, some schools are able to raise more income because of the nature of their premises or because of where they are. Those schools also typically tend to be the ones that are in a better reserve position, and so, although I can completely see that for an individual school where you are accustomed to having income coming in it feels very difficult not to have that at the moment, we have to think really carefully about the equities across the system of putting something in that responds to schools that in normal times find it easier to raise additional income than those that do not.

Q102 **Sarah Olney:** Mr Sharp, what are you hearing from schools now about the impact of the pandemic on costs and income, and how that is likely to continue to have an impact in the next school year?

**Warwick Sharp:** It is a mixed picture of course, which reflects the diversity of our school system, but what I hear in the main through the discussions with our caseworkers, the predictive work that we do, the returns that we get, forecasts, etc. is that financial health across the board is holding up well. That is not to say that there are not some schools or groups of schools that have found it harder. You talked about lost income. I agree entirely with the permanent secretary's comments. I reiterate the message that where school trusts are struggling there is a facility to come to us. We can offer support in a number of ways. That might be school resource management advisers.

To pick out one example, of course state boarding schools were particularly affected by lost income—much more than the typical school. In that case, we introduced new freedoms about the reserve position. We gave some extra support in those cases. What we are typically finding is that health is holding up well, but where necessary we can be approached and there are a number of tools available. Advice and support are available, and in a small number of cases there is financial support available, but that is in a very small number of cases in our experience.

Q103 **Sarah Olney:** Thank you. Ms Acland-Hood, there has been a lot of media coverage about the catch-up learning fund. Sir Kevan Collins reportedly requested £15 billion in order to run an effective catch-up programme for children who have been left behind by the lockdown, but the Department has only been awarded £1.5 billion. Why is it so much less?



**Susan Acland-Hood:** The first thing to say is that we were really grateful to Sir Kevan for his work on the proposals around education recovery. He worked very closely and effectively with the Department, and I would just like to take a moment to thank the officials in the Department who have worked on this. They have worked particularly intensively over the course of the last several months. He made a number of propositions across a wide range of areas, really trying to focus, as I said right at the beginning of the hearing, on the evidence base for what will work most effectively.

What we have done, collectively with the Treasury and No. 10, is take forward a large part of what he recommended around investment in tutoring and investment in teaching quality, but quite a large part of the overall funding that he recommended was around recommendations around changes to the timing of the school day, and those met with quite a mixed reception among schools and teachers. There was also a wider conversation to have about the evidence base around what would have been a very large investment. What we agreed was that we would take more time to look at the evidence base and consider that ahead of the spending review.

We have a total of over £3 billion going into catch-up activities now, and that is focused principally around tutoring and improvements in teaching quality, which we know drive standards effectively. We have good, well-evidenced programmes that we are confident that we can deliver and that are starting to make a difference. He was strongly in support of those measures. It is absolutely true that he wanted to see more, more quickly, including on the element of time. He did not feel that he could support the decision to take longer over that and look at that in more detail in advance of the spending review. It is also true that the Treasury has to balance a large number of requests for funding from across the whole of Government, and never more so than during a pandemic.

**Chair:** We know that—it is a given.

**Susan Acland-Hood:** I of course believe that they should cant as much of their investment as possible towards education, but my colleagues would make very similar arguments across a wide range of areas.

Q104 **Sarah Olney:** Ms Kinniburgh, thank you for your patience. If you had had more funding, what would you have used it for?

**Julia Kinniburgh:** As the permanent secretary has just said, we have a really good package—it is £3 billion in total. That includes over £1 billion that is going towards tutoring, which is a large investment and something that has a really strong evidence base. That is tutoring in several ways. We have the National Tutoring Programme, which we are going to expand. We have an academic mentors programme, which we are also going to expand. We are introducing a new programme that is allowing schools themselves to train tutors, which is responding to some of the strong messaging that we got back from the sector. We also have a tutoring programme for 16 to 19-year-olds. All of that is as a consequence of, and



in response to, the pandemic. It is a big shift and a big investment into the system.

Alongside that, the investment in teacher quality is, again, something that is incredibly well evidenced. Teacher quality is one of the key things that can make a difference to outcomes for children. In response to the pandemic, we wanted to really focus our investment. As the permanent secretary has just said, the other element that we are looking at and looking at the evidence around is additional time in school. We are looking at exactly how that time might be spent and exactly what happens already within the sector. That is something that we are engaging in.

We have said very clearly that we are doing that review in time to feed into the spending review, so that is the position we are in. But the investments that we are making already in tutoring and teacher quality will be really important chunks of how we get back some of the lost learning that we have seen through the pandemic.

**Q105 Sarah Olney:** But are there things you are not doing because you did not get the money that Sir Kevan Collins asked for? Beyond the school day extension, what are the other things that are now not happening that he recommended?

**Julia Kinniburgh:** His recommendations were grouped around the things we have said. He was very supportive of the tutoring package, because that builds on the EEF evidence. He was very supportive of that and remains supportive of that, as I understand. He was also very supportive of the investment that we have put into teacher training for early career teachers and national professional qualifications. The other element, as the permanent secretary has said, was around the time, and that is where we need to take a bit longer to have a look at the evidence.

**Q106 Sarah Olney:** Are you confident that the tutoring market is able to scale up to the extent required?

**Julia Kinniburgh:** That is one of the things that we have been very conscious of in the way that we have scaled up tutoring over time. Actually, that is one of the reasons why we have introduced this new way of delivering tutoring through schools. Schools are able now, through the new mechanism, to train their own tutors and employ their own tutors. That just opens up another swathe of supply and gives a real opportunity for schools to invest in people who they think would make great tutors for their students. As I said before, that is something where we have responded to what schools have been telling us. Schools asked us for that after we set up the National Tutoring Programme, and we are really pleased that we have been able to respond to that.

**Q107 Sarah Olney:** What evidence do you have that having to cover 25% of the tuition costs is deterring schools from taking part? We have obviously already discussed all the other cost pressures that schools are currently facing. Having to meet the first 25% of those costs—is it deterring schools?



**Julia Kinniburgh:** So far we have had a very good sign-up to the National Tutoring Programme for this first year; over 240,000 pupils are signed up.

Q108 **Sarah Olney:** What were your expectations?

**Julia Kinniburgh:** Around that figure. I think we said publicly 250,000, and we are on track for that. What we have put in place are additional funding sources, which we have referred to—the catch-up premium and then the recovery premium into the next year. They give additional funding sources to schools, which they are able to use to bridge some of that gap into the tutoring market. At the moment, we are not seeing issues with schools signing up. It is obviously a new programme. It is something we are working very hard with the sector on. We are making sure that we adapt to feedback. As I say, that is one of the reasons why we have introduced this other route for tutoring, which can be school-led.

**Susan Acland-Hood:** As Julia has said, we are not seeing this discouraging take-up at the moment, but there is a really important reason for asking for the contribution: we want this to be a sustainable change that is made in the system. So there is an investment now in response to the pandemic, but given the incredibly strong evidence base that sits behind this, we want this to be something that embeds over time. So we are structuring the way we are introducing it to help make that a sustainable change.

We find that if we fund things using only discrete, separate funding and we do not ask schools to have a think about how they can contribute, it is much harder to sustain those programmes as you move into the future. So it is part of the design to try to help that embed. As Julia has said, schools have the pupil premium, which we already ask them to spend on really well-evidenced interventions that can help children, and they are absolutely free to spend their pupil premium funding on this as part of their contribution. That is part of the shift we are looking to see in the system.

Q109 **Chair:** Just a few last points from me. We have talked a lot about the figures and the money, but one of the issues we have also talked about is the presentation of those figures. Given that it is a prime ministerial priority to have a minimum per pupil funding figure, will you commit that all your information will be presented in that form? We hear the global figure, but we do not always hear it broken down per pupil.

**Susan Acland-Hood:** I am very happy to commit that we will make sure that we are showing figures in relation to that.

Q110 **Chair:** I am sure it would be helpful that when your officials are briefing Ministers that they have that figure. We keep getting global figures, but if you ask for a detailed breakdown per pupil, they do not always have it at their fingertips. I have to say, to be fair, that that is not all Ministers from your Department.

Ms Olney talked about Sir Kevan Collins. Of course, he managed four months in his post before he resigned. Given that the Prime Minister has



## HOUSE OF COMMONS

sat on this very Committee Corridor only a couple of weeks ago and made a very firm commitment to catch-up funding, and waxed lyrical on that point in the Liaison Committee in the past couple of weeks, do you think there is anything your Department could have done more to support Sir Kevan in shaping his proposals in a way that would have been more focused and more appealing to the Treasury? He was an education expert coming in to give his best information and support on the education side, but wrangling with Whitehall, Ms Acland-Hood, is your job. Do you think he got the support he needed to navigate the Whitehall system to make sure that his recommendations had the best chance of flying?

**Susan Acland-Hood:** I believe that my team was working with Kevan and worked with him extremely effectively, and he has given incredibly positive feedback. He says he—

Q111 **Chair:** Yes, but what level of civil servant were they? What sort of grade? I am not doubting that people worked hard. I am just saying that it is about the focus of that—

**Susan Acland-Hood:** Kevan has said that he worked with the Department extremely constructively, and he has not a bad word to say about the support he received from the Department. We supported him at every level; I worked with him, Julia worked with him, he had a small dedicated team, but, more fundamentally, the work that he was doing was gearing work across the whole of the Department.

Q112 **Chair:** But he came up with something that was nevertheless quite roundly rejected by the rest of government, so somewhere there is a gap in expectation between what he delivered and what was deliverable through the government, Whitehall machine. You are the permanent secretary at the Department, helping to launch this ship. What more could have been done? Where was the Whitehall political gap—with a small “p”—in getting what he said delivered? After four months he went, so he was somehow not hitting it into the Whitehall hopper in the right direction. I am not blaming him for that: I am just saying that he was not the Whitehall specialist here.

**Susan Acland-Hood:** No, I completely understand the point that you are making. It is certainly something that we have reflected on. The challenge was that he was invited by the Prime Minister and by my Secretary of State to come up with radical proposals; that was what he was asked to do. I think that there was a collective piece of work that we could have done better across the whole of Whitehall to make sure that there was, at an earlier stage, a better shared set of expectations between the parts of Whitehall about what he was being asked to do.

Q113 **Chair:** One of the things that I have seen before—we have all seen it across the system—is that the experts come up with ideas, but then that has to be interpreted with a funding stream and someone attached. Do you have the numbers attached to this? Were you expecting the number that he announced and did you have a way of interpreting that which could be put in a bid to Treasury? Are you still looking at that for the



## HOUSE OF COMMONS

spending review?

**Susan Acland-Hood:** The lines of communication were very good between all parts of the puzzle, and, yes, the funding numbers were kind of manifest relatively early in the process.

Q114 **Chair:** So if this happened again and you were offered a tsar appointed by the Prime Minister, what would you do differently to make sure that your Department got this landed and the money came into schools and pupils?

**Susan Acland-Hood:** The key thing that I would do differently, I think, is to ask for an earlier joint set of expectations that were widely shared across the whole system about what was being asked for from the tsar.

Q115 **Chair:** Do you think that is something that you should have done or that your Secretary of State should have resolved sooner?

**Susan Acland-Hood:** I think it was an issue across the whole of the system.

Q116 **Chair:** Well, that is very loyal of you, as I would expect from a permanent secretary at the Department.

Just briefly, we had quite a lot of to and fro on the special educational needs and disability review, but you were pretty brutal in an answer to Mr Holden, when he asked you about EHCPs as the golden ticket, which is something that this Committee has highlighted before. Does that indicate that you might be looking at much more significant change in the review and maybe getting rid of EHCPs?

**Susan Acland-Hood:** I certainly do not think that we will be getting rid of EHCPs. I agreed with Mr Holden's problem analysis. The challenge of the SEND review is that the problem analysis is quite a lot easier than the solution construction. The huge value that an EHCP gives to a parent and a pupil is certainty about what is going to be provided. The risk is that that comes at the cost of resource to try to make earlier provision in the system before people have had to go through the process that leads to an EHCP. We absolutely need a SEND review that addresses that quite fundamental conundrum. You have identified, rightly, that that comes with some really difficult choices.

Q117 **Chair:** For many parents, especially for children with very severe disabilities that are lifelong and are never going to go away, EHCPs are here to stay.

**Susan Acland-Hood:** Yes.

Q118 **Chair:** So that is, quite rightly, a golden ticket to making sure that they get the funding they need for the rest of their school career.

**Susan Acland-Hood:** The key focus is on trying to make sure that many, many more parents do not need to pursue an EHCP in order to get the things that they want for their child—

Q119 **Chair:** But it seems that there are two issues here: there are those who will need a very defined EHCP because of a very defined learning or



## HOUSE OF COMMONS

physical disability that is just not going to change over time; and then there are those who will need that support to prevent them from having more difficult challenges as they go through their career. It seems that you are playing them off against each other a bit.

**Susan Acland-Hood:** I do not think the characterisation is quite just people who have enduring conditions against people whose conditions might change over time; it is slightly more nuanced and detailed than that. But there is an observable issue in the system, which is not dissimilar to some of the patterns you see, for example, in the NHS, between prevention, primary care and acute care—that is, if a lot is being invested at the very acute end, there is a risk that you are taking resource out of the system that could be used to address things earlier and more straightforwardly.

There is also a process point. The business of going through the process to get an EHCP is not an easy one for parents and pupils. It is challenging for local authorities and it is highly resource-intensive. If we can meet more need without asking people to go through that process, that will be better for very large numbers of people in the system.

Q120 **Chair:** The holy grail, as we heard before when this first came in about six years ago—it was a welcome step change at the time. We know that the system is not perfect, but we will continue to press you on the SEND review

**Susan Acland-Hood:** Quite rightly.

**Chair:** And we will be working with our sister Select Committee, because we are very concerned that this has been further delayed.

I thank our witnesses very much indeed for their time: Susan Acland-Hood, the permanent secretary; Tony Foot, the man in charge of the money at DfE; Warwick Sharp, the man in charge of the money at the Education and Skills Funding Agency; and Julia Kinniburgh, the director general for covid response and schools recovery.

Ms Kinniburgh, I should say that this Committee has been quite challenging about covid response. We know that schools have had difficulties, but we applaud you and your team. I am sure that the permanent secretary will not mind me singling you out for the work that you have done, because it has been important and vital. However, looking at figure 5 in the report, there is a very big gap in funding from 2022-23 onwards. As a Committee, we are not ones who want to spend money lightly, but we will be watching closely the budget provided and, indeed, what happens with your role. I am perhaps putting a plea in that it is there for longer than just the next year or so, because I think we would all agree that the covid response is going to have a much longer tail.

I thank you all. The transcript of this session will be up on the website in the next couple of days, uncorrected, and our report will be coming out in the autumn.