

Public Accounts Committee

Oral evidence: Financial Sustainability of Schools in England, HC 650

Wednesday 8 December 2021

Ordered by the House of Commons to be published on 8 December 2021.

[Watch the meeting](#)

Members present: Dame Meg Hillier (Chair); Shaun Bailey; Sir Geoffrey Clifton-Brown; Mr Mark Francois; Mr Richard Holden; Kate Osamor; Nick Smith; James Wild.

Gareth Davies, Comptroller and Auditor General, Adrian Jenner, Director of Parliamentary Relations, National Audit Office, Laura Brackwell, Director, National Audit Office, and David Fairbrother, Treasury Officer of Accounts, were in attendance.

Questions 1-186

Witnesses

I: Susan Acland-Hood, Permanent Secretary, Department for Education, Indra Morris, Director General, Children and Social Care, and Warwick Sharp, Director, Education and Skills Funding Agency.

Report by the Comptroller and Auditor General
Financial sustainability of schools in England (HC 802)

Examination of witnesses

Witnesses: Susan Acland-Hood, Indra Morris and Warwick Sharp.

Chair: Welcome to the Public Accounts Committee on Wednesday 8 December 2021. The Committee is returning to a subject of long-standing interest to us, the financial health of schools in England. We come to this perennially.

As far back as 2016, we were warning of rising pupil numbers and the impacts on the cost of staffing, which are issues that schools cannot control. We have had conversations with the current permanent secretary and her predecessor a number of times about that. We are also concerned about the ongoing impact of covid-19 on schools, especially with the new variant. We also want to ask some questions about the delivery of learning as a whole, as well as the financial implications.

There is a lot to get our teeth into. I think we will only skirt the surface of an important and vital issue for young people and schools in this country.

I welcome our witnesses: Susan Acland-Hood back again, the permanent secretary at the Department for Education; and, joining her from the Department, Indra Morris, who is the director-general of children's services, communications and strategy group—a big title, Ms Morris. We are also pleased to have Warwick Sharp here, who is the director of academies and maintained schools at the Education and Skills Funding Agency, often referred to as the ESFA. A warm welcome to you all.

Does anyone have any declarations of interest that they want to make apparent before we start the main meeting?

Mr Holden: Yes, Chair. I was a special adviser at the Department for Education until November 2019.

Chair: Funnily enough, just before a general election.

James Wild: I am the governor of an academy in King's Lynn.

Chair: Thank you. Before we get into the main session, Mr Richard Holden has some questions about events a year ago.

Q1 **Mr Holden:** Thank you, Chair. Obviously, there are a lot of questions about parties at the moment, Ms Acland-Hood. It was reported in the *Daily Mirror* today that there was a party in your Department on 10 December last year. Is there anything you would like to tell us about



that?

Susan Acland-Hood: Thank you, yes. On 10 December 2020, a gathering of colleagues who were already present at the office and who had worked together throughout the pandemic, as they could not work from home, took place in the DfE office building in London at a time when the city was subject to tier 2 restrictions. The gathering was used to thank those staff for their efforts during the pandemic. There were drinks and snacks, which were brought by those attending, but no outside guests or supporting staff were invited or present. While this was a work-related gathering, looking back, we accept that it would have been better not to have gathered in this way at that particular time.

Q2 **Mr Holden:** Ms Acland-Hood, you say it was work-related, but it was pretty clear from the restrictions at the time that work could not be used as an excuse for socialising. Is that why the Department is not denying that rules were broken at the time?

Susan Acland-Hood: What we have said is that we accept that it would have been better not to have gathered in that way at that particular time.

Q3 **Mr Holden:** Were you present at the party?

Susan Acland-Hood: I was.

Q4 **Mr Holden:** And were the other members of the panel? Ms Morris, as director-general, were you there as well?

Indra Morris: I wasn't.

Mr Holden: And Mr Sharp, were you present?

Warwick Sharp: I wasn't.

Q5 **Mr Holden:** In addition to yourself, permanent secretary—I do not mean to make this sound like a total game of Cluedo—who else was present at the party?

Susan Acland-Hood: As I say, it was a small number of people who had been present in the office that day for work. They were a group who had worked in the office through the pandemic, because they could not reasonably do their jobs from home.

Q6 **Mr Holden:** Was this an organised event?

Susan Acland-Hood: It was to some extent, in the sense that the Secretary of State had said that he wanted to thank staff together for the work that they had done.

Q7 **Mr Holden:** It was the Secretary of State who organised the party? It was not a case of the Secretary of State just being asked to go along and say a few words?

Susan Acland-Hood: The Secretary of State did go along and say a few words—



HOUSE OF COMMONS

Mr Holden: But you are saying it was instigated by the Secretary of State?

Susan Acland-Hood: Yes.

Q8 **Mr Holden:** Okay. Whereabouts in the Department was it held?

Susan Acland-Hood: It was held in the canteen.

Q9 **Mr Holden:** Held in the canteen for staff. All right. The Prime Minister said today that if any staff in Downing Street were found to have broken the rules, they would face disciplinary action. Is that the same case at the Department for Education?

Susan Acland-Hood: Yes.

Q10 **Mr Holden:** What are you doing to investigate whether the rules were broken?

Susan Acland-Hood: I have spoken to the Cabinet Secretary, and the gathering that was held will be part of his consideration as part of the investigation that was announced at PMQs.

Mr Holden: Thank you.

Q11 **Chair:** May I ask how senior were the staff who had been working in the Department, and why they needed to be in the Department, just so we get an idea of who was there?

Susan Acland-Hood: It was a mixture of grades and, as I say, they were people who had had to work throughout because of their jobs requiring them to work—they were principally staff who worked very closely with Ministers, in support of them when Ministers needed to be in the Department.

Q12 **Chair:** Mostly private offices then?

Susan Acland-Hood: Principally, yes.

Q13 **Chair:** Who was the most senior member of staff there? You, presumably—yes, okay. So, the Secretary of State asked to have the party, the event, the gathering—

Susan Acland-Hood: The Secretary of State wanted to thank staff who had worked throughout the pandemic.

Q14 **Chair:** Whose idea was it to gather everyone in the canteen with a glass of wine?

Susan Acland-Hood: I am afraid I don't know. Initially, the proposition was that people might gather in their offices, where they were. The move to the canteen was made partly in order to enable social distancing, to make sure that people could stay apart while he spoke to them.

Q15 **Chair:** How many people were present?

Susan Acland-Hood: A very small number.



HOUSE OF COMMONS

Q16 **Chair:** When you say a “very small number”, fewer than 10?

Susan Acland-Hood: About two dozen.

Q17 **Chair:** For private offices, that sounds about right. So, we will leave that there. When do you expect the Cabinet Secretary to come up with his conclusions?

Susan Acland-Hood: I don’t know, I am afraid.

Q18 **Chair:** If you are not sure who actually called everyone together in the canteen, surely you would need to know that if someone is going to face disciplinary action, or will you take that down the line to anyone who attended?

Susan Acland-Hood: The first thing is to let the Cabinet Secretary carry out his review and establish everything that has happened, and whether any rules were broken.

Q19 **Chair:** You did just say to Mr Holden that if rules have been broken, staff will face discipline.

Susan Acland-Hood: Yes, I did.

Chair: So that would include you, too.

Susan Acland-Hood: If rules were broken, it would.

Q20 **Mr Holden:** I am slightly confused. If the Secretary of State just wanted to thank people, why was it not suggested that you would just go round to their offices, if there were only a small number of people on the one floor—if it is private offices and senior staff—and just say thank you to them? Why gather with, according to *The Mirror*, drinks and canapes, if that is an accurate reflection? Why not just have the Secretary of State pop round to people’s offices, if it is only two dozen people?

Susan Acland-Hood: As I have said, while this was work related, looking back, we accept that it would have been better not to have gathered in that way at that particular time.

Q21 **Mr Holden:** I understand that, but what on earth could make you think that it would be better, rather than have the Secretary of State literally pop round to people’s offices—which can easily be done from that floor in the DfE, because you are all senior leadership and all in the same place—to go down to the basement area where the cafeteria is and do it there?

Susan Acland-Hood: I do not think I can add anything, other than to say that looking back, we accept that it would have been better not to have gathered in that way at that particular time.

Q22 **Chair:** We will leave it there for now. Thank you, and we will look forward to the Cabinet Secretary’s undertakings on this issue.

Briefly, before we go into the main session, I want to check in with you. We met about a year ago—in fact, on the last day of term, about a week later than this—about what was happening in schools in January. Schools



HOUSE OF COMMONS

will now be required to test every pupil in a secondary school, at least, on arrival back at school in January, so what are you doing to support them in getting tests and making sure that they have the resources they need to be able to do that swiftly so as to not delay schooling and exams?

Susan Acland-Hood: The first thing I want to say is that I am very grateful to staff in schools—teachers, headteachers, and also school business managers, who I hope we will talk about a lot during this session. They put a huge amount of work into pandemic preparation, as well as all the other things they do. We are now at the point where we have carried out more than 90 million tests in education settings since last January.

Q23 **Chair:** We know that has happened. We know they are good at that, so what about January?

Susan Acland-Hood: What they will do in January is use the systems and set-ups that we used last January, on return again after Easter, and then on return again in September. As we did at that time, we will be supporting them: we have made over £100 million available to support them with workforce costs. We provide the tests, and we also support—

Q24 **Chair:** The £100 million is not just for January, though, is it?

Susan Acland-Hood: No.

Q25 **Chair:** That is the money that is already in the system. Are they getting anything extra because they are having to do this in January?

Susan Acland-Hood: They continue to be funded on the same basis as they have been throughout. There is an amount per testing bay.

Q26 **Chair:** So they can draw down on that, and that is a fairly well-worn route, so it should not be a problem.

Susan Acland-Hood: Yes. We are using the same systems.

Q27 **Chair:** What about actually getting the physical tests to schools? That is not entirely your responsibility, but it is still quite a challenge for schools.

Susan Acland-Hood: We work very closely with UKHSA on that—

Chair: The UK Health Security Agency, just for the record, which has absorbed test and trace.

Susan Acland-Hood: Thank you, sorry. Yes, the UK Health Security Agency, which incorporates what was test and trace—correct. We have opened the ordering lines for schools. We did that as soon as we made the announcement that we were going to ask them to test in January, and they can order and draw down the tests. We know that there are quite a lot of tests in schools at the moment, as well, so many schools have got previously ordered tests.

Q28 **Chair:** So, from where you are sitting, you cannot see any particular problems with getting those tests.



Susan Acland-Hood: I completely appreciate—no, I can't. What I was going to say is that I completely appreciate that it is another ask on schools, but we think the logistics are well in place, and we are grateful to schools. They have done an amazing job at testing students so far.

Q29 **Chair:** In terms of things like ventilation, which is obviously a big ongoing concern, especially with the new variants—we are a long way from being out of the woods yet—what support are you giving to schools to implement new ventilation systems?

Susan Acland-Hood: We have now delivered carbon dioxide monitors to all primary, secondary and special schools, and we are starting the roll-out to smaller early-years settings. The first step is to work with schools to look at what the carbon dioxide monitors are telling them. In many cases, they are giving reassurance to schools about existing ventilation, or they are allowing schools to manage ventilation better—for example, to understand classrooms that may not need all their windows open in order to be well ventilated.

Following on from that, we have work under way to ensure that there are tested and quality-assured routes for air-cleaning devices to go out to those schools that need them, bearing in mind that they are not the right solution for every ventilation challenge. For some, it may be better to do other things. I know it sounds basic but, sometimes, opening windows is a better ventilation solution than other things. In some cases, we may need to support schools to make other types of adjustment.

Q30 **Chair:** From where you're sitting, you feel that every school has got the support it needs. If it needs ventilation, you are right there to support it. If it doesn't, then you know that.

Susan Acland-Hood: We are well on track with the programme. I am very comfortable with where we are on carbon dioxide monitors. We now need to get the ordering framework for the air-cleaning devices out. We are on track with that, but it is not yet done.

Q31 **Chair:** And that will be funded directly from the Department under a special fund?

Susan Acland-Hood: There will be a small number of devices funded directly from the Department for the most vulnerable settings, and then there will be an ordering framework for others.

Q32 **Chair:** An ordering framework? You skipped over that very quickly. So, that means you have negotiated a deal, have you, with some suppliers? Do you have an idea what the average cost would be for a typical secondary school?

Susan Acland-Hood: I cannot tell you that now, I'm afraid. We are just finalising the procurement.

Q33 **Chair:** Okay, but schools will have to bear that cost themselves.

Susan Acland-Hood: Yes.



HOUSE OF COMMONS

Q34 **Chair:** Some schools could have a bigger cost due to the nature of their buildings. Is there nothing the Department is planning to do to smooth that bump for them?

Susan Acland-Hood: As I say, we will have a small number for the settings with the most vulnerable children.

Q35 **Chair:** That is the most vulnerable children. Say you have two secondary schools, which could be in the same city or town. One, because of the nature of the building, has a bigger problem with ventilation, and has to spend a lot more money than an equivalent school that does not need to, perhaps because it is more modern or even a leakier Victorian building. You are not planning to do anything in the funding to smooth that out.

Susan Acland-Hood: The unit costs are not likely to be huge. The risk of providing air-cleaning filters free is that they end up being used in places where they are not the best solution.

Chair: I wasn't suggesting they should be free but, if they are needed, they are going to have to pay for it themselves, out of their existing budget.

Susan Acland-Hood: Yes.

Chair: Okay. That moves us neatly on to the budget situation and the impact of covid. Back to Richard Holden on that and into our main session.

Q36 **Mr Holden:** Thank you, Chair. One of the starkest things from the Report is the number of schools that are consistently in deficit. Mr Sharp, can you explain to us why we are in a situation where more than a quarter of maintained secondary schools are currently in deficit?

Warwick Sharp: Thank you for the question. I will add a bit of context first. Maintained secondary schools are funded on exactly the same basis as academies. An important bit of context is that there are only four local authorities in the country that have a deficit on the overall school balances; 97% of local authorities have a surplus, when you add all school balances together.

This is not a situation where you are looking at the schools across a local authority and there is an overall deficit. There is a very small number where there is an issue at that level. We are really keen to explore the reasons why maintained secondaries appear to be in more financial difficulty than maintained primaries, for instance, and academies. We want to dig into the geography behind that.

It isn't obvious what the drivers are; it is not obvious that it is a rural-urban split. It is not linked to deprivation, as the NAO has said. It will be linked to an extent to the differences compared with the academy trust model. Academies are able to pool funding, share economies of scale, and have deeper levels of calibration. We will be reviewing that. We are already working with the local authorities that have the most schools in a deficit position, to ensure that we support them.



Q37 Mr Holden: You say that it is not a big issue overall because only a small number of local authorities are themselves in deficit. The issue is within those local authority areas, isn't it? It is not the local authorities themselves. We are looking at paragraph 1.15 of the NAO Report. It says, "There are 26 local authorities with more than 20% of their schools in deficit." Is it the case that the Department is not acknowledging the level of the issue and the pressures that puts on schools?

Warwick Sharp: We are certainly acknowledging that there are financial pressures, and we have put in place an extensive school resource management programme. We deploy school resource management advisers to local authorities. There are a range of forms of support, whether that is procurement, the teacher vacancy service, or financial benchmarking offers. We are working closely with the local authorities. The point I was trying to make before was that in the very great majority of cases these are local authorities that are in an overall surplus position on their school balances, and there are a number of options available to those local authorities for how they can cover the deficits, where schools are in deficit with a surplus position compared with other schools.

Q38 Mr Holden: I do not deny that there are things the Department is doing. The average deficit per secondary school increased from £320,000 in 2014-15 to almost £700,000 last year—a 90% increase in real terms. What is the reason for that?

Warwick Sharp: I will add a bit of context because that is the average position for schools in deficit. Of course, the average maintained school is in a surplus position. The average maintained school has positive reserves. We want to keep working with local authorities and maintained schools. As we work with local authorities that have the most schools in a deficit position, we have particular criteria for that. We are having really useful conversations, and that dialogue is suggesting that the financial position for those local authorities will improve as a result of extra money working its way through the system and as a result of continued and better engagement with our school resource management portfolio, so a lot of support is in place already.

Q39 Mr Holden: Ms Acland-Hood, Mr Sharp is saying that there is a lot of effort being made by the Department, and the proportion of secondary schools in deficit has fallen from 30% in 2017-18 to 27% now, even with all the differences that have been made. We know that on a per school basis, that deficit has increased for the ones in deficit. At the same time, the proportion of primary schools in deficit has gone up from around 4% in 2014-15 to one in 10 last year, and the average deficit in those schools that are in deficit also increased substantially to £65,000 a year—again, a 65% increase in real terms. How concerned should we be that the proportion of primary schools is increasing?

Susan Acland-Hood: Just to take your first number, the 27% is the proportion of maintained secondary schools, and it is of course important to remember that 79% of our schools are academies, so that is a third of a third. It is important to be clear about that. Again, the proportion of

primary schools is a proportion of maintained primary schools. I certainly think this is something that we want to continue to give sustained attention to. It is important, though, to set this in context.

The NAO Report says that financial health has held up well and that most academy trusts and maintained schools are in surplus. The overall surplus in the maintained school sector as a whole is a cumulative surplus of £1.3 billion. It is true that some schools are in challenging circumstances. It is really important that we continue to work with them to help to make sure that we bring more schools into financial health, and that we are supportive, both through local authorities and through some of the work we are doing through the school resource management programme, but it is worth being really clear, that, as I say, the NAO themselves find that the financial health of the system has held up relatively well.

Q40 Mr Holden: We will come on to the difference between maintained schools and academy trusts. The NAO also note in paragraph 8 that even the cumulative surplus in the maintained sector has fallen from £1.8 billion in '14-'15 to £1.3 billion, which is quite a substantial decrease. Academy trusts have gone up in a different direction, but we will come on to that shortly.

To what extent do we think that the financial funding of secondary schools is an inevitable consequence of the fact that primary budgets have been pushed up on average, whereas secondaries have been a bit more strangled? Is it just an inevitable consequence of the policy decisions that have been made by Government?

Susan Acland-Hood: As I say, it really is important to set this in the context of the fact that the financial health of the overall system has held up relatively well. I do not think it is inevitable; we see many schools in good financial health and managing their finances extremely well. You are right, though, that we have seen differences between the trajectories for primary and secondary schools. That has principally been driven by the different treatment in previous SRs of 16-to-19 funding compared with five-to-16. The 11-to-16 position is much more similar to the five-to-11 position; it is when you include the 16-to-19 figures that you see a significant difference between primary and secondary. We were, of course, very keen to start to redress that, which we have done through significant injections of funding through the 2021 spending review to both the school system as a whole and 16-to-19 in particular.

Q41 Mr Holden: I think we are all very aware that 16-to-19 funding is under immense pressure, which is particularly concerning for constituencies like mine which have lost some 16-to-19 provision in recent years. Many of us are concerned by the regional variation. Figure 5 shows that some parts of the country do not seem to have that much of an issue in their secondary schools. As Mr Sharp said, it is not consistent with an urban-rural divide, but it is quite clear that some areas are under immense pressure. Why do you think there is such a high number of maintained schools in cumulative deficit in certain parts of the country? Have you managed to work that out yet?



Warwick Sharp: We need to explore that further. The local authorities in the greatest level of difficulty—of which there are a very small number—are in different parts of the country. We want to do more analysis, because it is not obvious what is driving the geographic variation. Again, I make the points that maintained schools are funded on the same basis as academies, and almost all local authorities have an overall surplus position, so this does come down to the financial management and the governance. We need to keep to talking to local authorities to understand what is driving those differences.

Q42 **Mr Holden:** It does not come down to geographic variation, because there are schools in London, Northumberland and Cumbria that are in difficult positions as well. What are the commonalities? You must have been looking at this for years, Mr Sharp. How are we in a situation where you are not even aware of the commonalities between the schools with problems? How can you have a common approach from the Department if you are not aware of the commonalities?

Warwick Sharp: There is a lot of variability in terms of the geography. A third of local authorities have no maintained secondary schools in deficit, and that is a spread of local authorities across the country. That shows that it is certainly possible to manage your local finances in such a way that all of your schools are in a surplus position. We are already working with a number of local authorities, and in every single case it is a minority of the maintained secondary schools in deficit. No local authority has more than 46% of its maintained secondary schools in deficit, and most numbers are much smaller than that. There is more work to do on this—

Q43 **Mr Holden:** I understand that. One of the issues seems to be that you are suggesting that the local authority is actually fine, overall, but that individual schools are potentially in quite substantial difficulty. What work are you doing on a cross-departmental basis, Ms Acland-Hood? If local authorities are holding back cash from schools, then it has to be a local government issue, which is a broader governance issue than just your Department.

Susan Acland-Hood: We do lots of work with the Department for Levelling Up, Housing and Communities. A distinction needs to be made: when Mr Sharp talks about local authorities in deficit, he is not talking about their overall local authority budget. He is talking about the position of the collective schools within the local authority. Something we have seen is that it seems to be easier for MATs to move funding around to resolve positions across their groups of schools than it is for local authorities. I think that is less because of the rules, and more because of cultural expectations that are set. We ask trusts to make sure they are not operating at a deficit, but there is a different set of expectations for local authorities which allow schools to be run structurally at a deficit for a period.

There are some differences in the set-up that we need to look at. We know there are also differences in the approaches taken by local authorities, and that is one of the reasons why it is hard to pick perfect patterns out of the



HOUSE OF COMMONS

data without spending time on that. As Mr Sharp said, we work with schools, local authorities and MATs that find themselves in difficult positions and try to help address the circumstances they find themselves in.

- Q44 **Mr Holden:** We are talking a lot about maintained schools, and it seems that MATs are in a better position. Is what looks like an administrative issue actually cover for a policy move from the Department, which is to try to force academisation more broadly across the country?

Susan Acland-Hood: The funding position between maintained schools and academies is not something we have created in order to push academisation. It results from the fact that academisation has genuine benefits. There is a set of factors that enable academy trusts to manage well. First, there are economies of scale. I talked briefly about school business managers; we have seen academies really professionalise the way they use their school business managers, using them across a number of schools and making sure they have really good quality work going on. There is obviously their ability to pool and to move money across the trust.

It is a consequence, rather than a cause. Indeed, 79% of secondary schools are now academies. More recently, the vast majority of those that have become academies have chosen to do so and report high levels of satisfaction with the move to academisation, partly because of the genuine benefits that becoming an academy, and particularly of becoming part of a strong multi-academy trust, can bring.

- Q45 **Mr Holden:** Is this not a consequence of the fact that the stronger schools are becoming academies and the weaker schools are being left behind within local authorities?

Susan Acland-Hood: I think there is some truth in that. I also think that schools that are in a significant deficit position can sometimes find it difficult to get adopted by a good academy chain. That is something we are looking at as part of the next stage of the programme.

- Q46 **Mr Holden:** Some academy trusts seem to be building up large reserves. We touched on the fact that reserves and surplus in the maintained sector seem to be decreasing per pupil. On the flip side, academy trusts seem to be going the other way, with more than double the amount per pupil that maintained schools have. How concerned should we be about that?

Susan Acland-Hood: If I may, I will pass this to Mr Sharp.

Warwick Sharp: If you look at the overall statistics, the average reserve position in an academy trust is 11% of income. If you assume that has been skewed upwards by some of the statistics in the NAO Reports, I think that is a picture where the majority of academy trusts have what you would consider to be a reasonable level of reserves. We want academy trusts to hold reserves. They are charitable trusts. The position of the



HOUSE OF COMMONS

Charity Commission is that they should hold reserves. There is not a set figure. It has to be looked at case by case.

- Q47 **Mr Holden:** There is not a set figure. However, this cash is not being spent on kids' education, which I should imagine schools want to do, and you also want them to have a buffer. What is a good guide for these schools, or should they just keep building up reserves?

Warwick Sharp: We are in dialogue with each trust in the country. If you look at the reserves position, an important question will be how much of that is designated for things like capital works, school improvement and projects to take on a new school with challenges. It has to be done on a case-by-case basis. Really, we should be looking at the amount left after that. If the amount left after that is more than 20% of income—the NAO talks about 22% of trusts having more than 20% of income in reserves—we will consider that to be excessive for the level of risk in the sector, which is low. My team, combined with the regional schools commissioners, challenge that, particularly if there are educational outcome issues. We will speak with the trust if there are issues and we will have a dialogue if the trust looks to be holding reserves that are too high. That tends to result in reserves being worked down to be invested, but I would expect in the very, very great majority of cases either the reserves position is very reasonable, or it might, on the face of it, look high but actually, after dialogue with a trust, we can see it is holding reserves for a particular purpose to support the needs of the pupils.

- Q48 **Mr Holden:** You are saying that maybe they are holding them to take over another school, right? You are saying that potentially some schools are building up reserves, while other schools are in massive deficit and getting into a worse financial position, basically waiting for that other school to fail. Rather than transferring the cash over now, they are waiting for the school to fail and those kids' education is not being delivered at the best quality it could be, with cash from the person who is going to take it over sat there. Why are we allowing this situation to occur?

Warwick Sharp: Every trust has a duty to every single pupil. I spend every week speaking to many academy trusts and they take—

- Q49 **Mr Holden:** Sure, but we also have a greater duty, don't we, as a Department and as an ESFA, to ensure that pupils are getting the best education they possibly can at any point, not allowing some schools to build up reserves and then swoop in at a later stage when a school is already in crisis?

Susan Acland-Hood: We absolutely have a duty to every child in the system to get them the best education we possibly can—that is hugely important. It is really important, though, that money in does not equal education out. Again, that is a point that has been made very clearly by the NAO in their Report. Really good quality school leadership and management, good quality teaching, and really good quality school leadership, including trying to make sure the financial position of the school is really well used and well applied, really matters. So I would

argue that transferring money from a well-run, effective multi-academy trust that is doing a good job for its pupils to a school that is in great difficulty may not serve the interests of those pupils, as well as seeking to bring that school into a well-performing trust. I appreciate that that does not cover every possible eventuality, but I do not think the transfer of the money is the thing that improves people's outcomes.

Q50 Mr Holden: If there is a greater issue there, the flipside of the argument would be, "Why not just ensure they get taken over more quickly?"

Susan Acland-Hood: We are looking at a set of things as part of the iteration of the academies programme. You will hear Ministers talk about it. The former Secretary of State set out clearly in the autumn that our aspiration is to have every school be a member of a good and well-performing family of schools that can improve its performance. That continues to be our aim.

Q51 Mr Holden: One of the things I am slightly struggling with here is how reserves are still building up. Some £3.1 billion of cash sat in there is not an insignificant quantity of money, especially when we are talking about other issues at the moment in the education system such as catch-up funding and so on. Are you ensuring that this money, if it is being kept in reserve at the moment, is actually going out to help the situation that pupils are facing across the country at the moment?

Susan Acland-Hood: Again, I refer back to the answer Mr Sharp gave a moment ago. We do work with trusts on their level of reserves, but it is important that we look case by case at what they are building up reserves for. There are perfectly good reasons to build up reserves. We do try to take action where we think trusts are building up reserves that are not sensible and reasonable.

Q52 Mr Holden: I am actually quite glad in a way that, as a Department, you are more interested in outcomes than you are in inputs. Perhaps the Department of Health and Social Care could learn some lessons from that, Ms Acland-Hood. I am just wondering, finally, before I hand over to Mr Bailey, what are you expecting schools to achieve with the extra money announced in the spending review? If it is not all about inputs—some schools are being run well on the current funding model; others are struggling—what extra actual outcomes do you want to see from the extra money?

Susan Acland-Hood: We would hope to see continued improving performance in the school system as a result of the investment from the spending review. In particular, having successfully narrowed the gap between the most disadvantaged pupils and their peers over a long period and then seeing that made significantly more difficult by the pandemic, we expect to see the spending review investment help to get back to a position where we are narrowing that gap.

Q53 Mr Holden: I am stealing a bit of Mr Bailey's question, so I apologise. You are talking about £4.7 billion extra here, narrowing the gap. I think what we are interested in is rather than the gap being narrowed, which means



HOUSE OF COMMONS

you can top-slice off somebody else and then the gap is narrowed, we want to see the £4.7 billion—it is the only Department with a three-year settlement—to be really levelling up the poorest performing areas. Are you confident that that is actually going to occur? Some of these huge deficit positions are clearly really putting massive pressure on senior leadership in some schools in particular. Are you sure that the money is going to flow through to better outcomes for pupils?

Susan Acland-Hood: We certainly expect to see improved outcomes, and yes—

Q54 **Mr Holden:** What will you do if it doesn't?

Susan Acland-Hood: If it doesn't, we are going to continue to work really closely with schools to try to make sure that we are helping them to improve both their financial management and the work that they do to improve standards.

Mr Holden: I will hand over to Mr Bailey now.

Q55 **Chair:** Before we go to Mr Bailey, I want to go back to you, Mr Sharp. Earlier, you said that you were looking at the regional disparities that Mr Holden highlighted, saying, "We're beginning to look at that now", or words to that effect. Figure 6 on page 24 of the NAO Report shows very graphically the increase in deficits. That is on local authorities, on dedicated schools grants deficit, but you can see that that is just an indication of the general trend. From 2015-16, it has been growing fast. So why are you only just "beginning to look" at it? I'm just puzzled.

Warwick Sharp: I don't think we are just beginning. I think there are two things here. I think there is the very, very small number of local authorities that have a deficit position on the overall school balances. There are only four in the entire country and dialogue with those authorities suggests that that number will reduce. So, the very great majority of local authorities have a surplus position on the overall school—

Q56 **Chair:** What about individual schools and the disparities there?

Warwick Sharp: We work with individual schools through the local authority—through the deployment of school resource management advisers. We have done that since the programme began some years ago. They have got access to all of the tools in the school resource management portfolio and procurement—

Q57 **Chair:** But when you were pushed a bit on the regional differentials—the map in the Report on page 23 is pretty handy at demonstrating the local authorities with their percentage of maintained schools with accumulated deficit—you said that you were just "beginning" to look at this and that you needed to do further work on it. I am still a bit puzzled as to why you can't pull out what patterns there are? It might be that you have a failing local authority; it might be that you have a multi-academy trust that is not doing very well; or it might be other reasons. But you don't seem to have a grip on that and I just wondered whether—maybe you just didn't get the chance to express it earlier—you could give us some specific



examples of why some of these areas have got deficits.

Warwick Sharp: I think the reason behind it will be the financial management and governance, either within the mainstream schools in those local authorities or within those local authorities, because if you have a position where maintained schools are funded on exactly the same basis as academies and 97% manage to be in a surplus position, overall it isn't driven by rural-urban differences, or by levels of deprivation.

We need to look local authority by local authority and that is why for years we have worked with the local authorities with the biggest number of maintained schools in deficit, deploying school resource management advisers.

Q58 **Chair:** But if you are talking about maintained schools with deficit, you have a mixed economy of schools now; you have free schools, academies, academy and multi-academy trusts, maintained schools and voluntary aided schools. So you have got all that mix. Some have a bit more access to resources than others; some have the trust situation where they can smooth out the funding across the group and we never really know what is happening in individual schools. It is very stark for maintained schools.

However, if you have a few maintained schools in an area that is surrounded by an academy trust, with maybe some grammar schools or something else in the mix—although I suppose that grammar schools are maintained for the most part—you could end up with that 20% of maintained schools being a very small number in some local authorities.

Is it that factor that is part of the reason for some of these issues? I am looking at the map and I see my borough in there, for example, where we have more academies than we have maintained schools, so that might be a factor.

Warwick Sharp: We certainly—

Susan Acland-Hood: I just want to add a couple of things. I think there are a number of factors and the reason why the situation is challenging is that they interact. So I think you are right. I think the proportion of maintained schools to academies is important, and of course that changes over time as well, which makes it slightly harder to do some of the comparisons.

As Mr Sharp has said really clearly, we fund schools—academies, maintained schools and others—in exactly the same way now, through the national fair funding formula. But of course when you look at deficits, the historic causes of some of those deficits may go back further, to a time when the funding differentials between different areas were more significant and less easy to explain on a pupil number basis. So there will be some of this that is related to historic patterns of funding.

The third thing that we know makes quite a big difference—again, this is related to a set of historic choices, which were made, in some cases, going



HOUSE OF COMMONS

back a long way—is capital investment and the condition of school buildings. We know that that makes a significant difference.

Q59 **Chair:** So these are all known things.

Susan Acland-Hood: I think we understand all of those factors. The challenge that you are putting is that we should be able to articulate more clearly exactly how they interact in each place to give rise to the map that appears in the NAO Report.

Q60 **Chair:** When a parent decides that their child is going to go to a particular school, most of them—frankly—probably do not know whether it is a free school, an academy or whatever, unless the child has sat an exam; you might notice that. A lot of parents are not that bothered about the structure; they want to know that their child will get a good education. But if you have, say, a local education authority where most of the schools are academies, but you have a handful left that are maintained and they are struggling, surely there is an equity issue that is not just down to the local authority, because it does not have control over the academy schools' set-up.

That is just one example, but you could pick either of the other two that you raised as examples. I wonder about making sure that there is an understanding of where the pressure is in each local area and an ability to perhaps make a recommendation about a funding approach that would smooth that over before you fully bring in the new funding formula, so that they start on a better and more even keel.

Warwick Sharp: From the perspective of a parent, there is the financial benchmarking service. It is entirely possible for a parent to search for any school in the country and look at both income and expenditure, cut in a number of ways. Actually, there is more information for parents than there has—

Q61 **Chair:** Sorry, but I am just saying that your average parent is probably not going to look that up. It is hard, if you go on to a normal school website, to find any information about the budget, frankly. You have to possibly trawl through governing body minutes, but most parents cannot see it very transparently—there is not a dashboard. Parents can find that, I'm sure, but knowing what you know—that there are inequalities—isn't there some thought that you are giving to really delving into it to find out where they are structural? You can try to resolve that imbalance, so that you are starting your new funding formula on more of an even-stevens basis.

Warwick Sharp: I think we are confident about the national funding formula. It has been designed very carefully, and I don't think that is driving these differences.

Q62 **Chair:** No, that is not what I said at all. If you are starting the new funding formula—we will park for a minute whether it is going to work—but you already have an in-built inequality because of some of the reasons that Ms Acland-Hood very clearly explained, those schools will always be behind.



Susan Acland-Hood: I completely understand the point you are making, Chair. There are always choices to make, when you try to make the current funding fairer, about the extent to which you go back and try to rectify the past. It is a really good challenge, and it is something for us to take away and think about with Ministers, but the challenge is that we see both groups of academics and authorities in all parts of the country, and with all types of history, managing to get themselves into a better financial position. We want to support as many schools and academies to do that as possible. Whenever you talk about righting some of the historical matters, you have to be—again, I don't say this as a definitive position—conscious of the risk of moral hazard. If you right things for people who have either not invested or not managed well in the past, you create some slightly difficult incentives.

Q63 **Chair:** But in the meantime, it is the pupils who lose out if their teachers are being sacked because they have to balance the budget. That has an impact on pupils.

Susan Acland-Hood: That is why the focus is on trying to help to make sure that every school in the country can manage its resources really well. Again, we are putting £4.7 billion into the school system over the next three years. The challenge of the next three years will be helping schools to manage rather rapidly rising budgets well, which might not feel like the same challenge, but is actually just as much of a challenge as managing a budget that requires efficiencies, if what you are focused on is making sure that money is spent really well.

Chair: Let's be clear: the increase still does not get them back to where they were, but I will park that comment and go to Mr Shaun Bailey.

Q64 **Shaun Bailey:** Thank you, Chair. Ms Acland-Hood, I want to talk about catch-up. From what I gather, the national tutoring programme is 90% below the target that was set by the Department. There has been some back and forth over the reported number of students who have been enrolled. We have seen some reports that say 5%, and some have said 8%. The figure bandied around was that 28,000 out of 524,000 total students have been enrolled. As of today, how many students are on the national tutoring programme?

Susan Acland-Hood: The national tutoring programme has three strands, and the first thing to say is that we are really pleased with the work that we did on the national tutoring programme last year. We reached 300,000 students last year through the tuition partner and academic mentor strands of the programme. Our internal management information tells us that we are on track this year for the trajectory that we set to get to 1.9 million pupils being tutored by the end of the year, and we are really happy with the way it is going. We will publish definitive figures very early in the new year on this.

Q65 **Shaun Bailey:** Can I ask why you don't have them now?

Susan Acland-Hood: The definitive figures will come through the school census and therefore we need to wait for the census to be published.



HOUSE OF COMMONS

Q66 **Shaun Bailey:** But you must have an indication, surely.

Susan Acland-Hood: I have management information, but it's—

Q67 **Shaun Bailey:** As of today—right now—what is the figure? If I were to ask you right now for your MI, what would be the figure per head?

Susan Acland-Hood: I will get in deep difficulty with my analysts if I give you a point figure now, but I will—

Q68 **Shaun Bailey:** But this has been bandied around in the press. I'm just thinking that if the press can get hold of it, what's—

Susan Acland-Hood: What I can do is just explain to you why there is a difference between what I am telling you about my MI and what is in the press. First of all, what the press have reported is a bit out of date. Secondly, they are only reporting figures for the tuition—as I said, there are three strands. They are reporting for the tuition partners strand and for some of the academic mentor strand, although the data on that also lags somewhat, because of the way it is set up. They are not reporting anything for the school-based route, and one of the things that happened last year—although we were very successful last year and got to 300,000 pupils, one of the things schools told us last year was that they really wanted to be able to do the national tutoring programme to a greater extent through using their own staff, so using either teaching assistants or teachers in schools and training them to deliver the tutoring. They said, "If you set that up as a route, we will use that much more extensively." That is indeed what we are seeing. We are seeing very large numbers coming through that school-based route, and that is not included in any of the numbers that have been quoted and any of the statistics you have given, which are in any case also a bit out of date when it comes to the—

Q69 **Shaun Bailey:** But are they totally inaccurate? Are they just completely off? That figure of 28,000 is totally off, because they are not counting—

Susan Acland-Hood: That is an order of magnitude out on what I am seeing in my management information.

Q70 **Shaun Bailey:** Just thinking about Randstad more broadly, I understand that the cost of the bid they put to the Department was around £25 million, which was under the £62 million that was suggested by Government. From your perspective, from lessons learned from a procurement perspective, is the cheapest option still the best?

Susan Acland-Hood: We very rarely run a procurement in which the framework drives us to the cheapest option; it almost always looks at a balance of quality and price. Again, this is the sort of procurement in which we would tend towards quality rather than price. I think it is really important to make sure that you are getting good quality. Of course, if you can get good quality at a low price, that's excellent.

Q71 **Shaun Bailey:** Can I just bring you back to the figures? There was something that stood out to me. You said the figures were "out of date". Can I ask how out of date the figures are?



HOUSE OF COMMONS

Susan Acland-Hood: I'm really sorry: I am not absolutely sure. The ones I have seen were quoted by someone speaking to a Select Committee, who then said that he was quite keen to put together a consortium to compete with and take Randstad's business. I will just pause there, I think. As I say, there will be published figures early in the new year on all the strands.

Q72 **Chair:** When you say "out of date", do you mean a week out of date, a month out of date or six months out of date? You were bandying around different timeframes, so I think it's a reasonable question from Mr Bailey just to get a timeframe for how out of date the figures in the report were.

Susan Acland-Hood: When you say "in the report"—

Chair: Sorry, the newspaper reports. You said that their figures were out of date; you were very clear about that. But it could mean that they were out of date a week ago, or it could mean that they were out of date six months or a year ago—well, not quite a year perhaps, but six months.

Susan Acland-Hood: They were from earlier this term.

Chair: Earlier this term. So it is this autumn term. Okay, it's a matter of weeks, really.

Q73 **Shaun Bailey:** Just so that I am clear, definitive figures will be published in the new year.

Susan Acland-Hood: Yes.

Q74 **Shaun Bailey:** When in the new year?

Susan Acland-Hood: As I say, they are drawn from the school census, so they will come out as soon as we have got the school census out.

Q75 **Shaun Bailey:** And you are confident from your MI—the indications from that are that we have seen a considerably higher uptake than what is being suggested in the media at the moment and was suggested by the Education Committee.

Susan Acland-Hood: Yes, and that is because it's slightly out of date but also, more fundamentally, because those figures only relate to two of the three strands of the programme and it is in fact that third, school-led strand where we are seeing—again, as schools told us—a very significant uptake.

Q76 **Shaun Bailey:** Forgive my ignorance on this, but can I just check? Does Randstad have any involvement with that third, school-led strand?

Susan Acland-Hood: Yes, they do.

Q77 **Shaun Bailey:** What is their involvement?

Susan Acland-Hood: They organise the training. If someone who has qualified teacher status is delivering the tutoring, they can deliver it without any training, although we have offered some training if they want it. But if it is people without qualified teacher status—for example, they



HOUSE OF COMMONS

might be teaching assistants who are delivering the tutoring—we require them to have some training to make sure that what they are doing is good quality. Again, the evidence base from the EEF says the tutoring works if it is good quality and well integrated with the rest of the school curriculum. It was part of Randstad’s contract, with a partner, to organise that training and its delivery.

Q78 Shaun Bailey: In the other two streams, so I am clear, its involvement stretches out to enrolment as well. Is that correct—to ensure that I understand this correctly?

Susan Acland-Hood: Randstad effectively works as a convenor of a set of tuition partners, for the tuition partners strand, and operates the system through which schools and tuition partners are brought together—

Q79 Shaun Bailey: Almost like a recruiter of sorts, in bringing those strands together.

Susan Acland-Hood: In some ways, yes. On the academic mentor strand, which places full-time tutors in some schools, Randstad recruits the academic mentors and gets expressions of interest from schools that want them. Again, it puts them together.

Q80 Shaun Bailey: Do you still have confidence in Randstad at this point?

Susan Acland-Hood: My management information tells me that my programme is on track.

Shaun Bailey: That is a yes—you do have confidence in them.

Susan Acland-Hood: Yes.

Q81 Shaun Bailey: Okay. I will leave that point for now. To pick up some of the broader points, in the spending review, £4.7 billion was announced over three years. Given the fact that the financial results for both academy trusts and maintained schools are still somewhat delayed, how have you managed to map out whether that £4.7 billion will meet the needs and ambitions that the Department has set itself? I am conscious that we are somewhat data-lacking this year and, given the extraordinary circumstances in which schools have found themselves, are you confident that £4.7 billion is enough?

Susan Acland-Hood: You are right, we will see the latest information on schools later this month, so it is coming. We speak regularly—as you would expect—to trusts and local authorities about their position. I might turn to Mr Sharp on this, because he has more of those conversations than I do. It is worth remembering that there was a pretty significant injection as part of the 2019-20 settlement, and we would expect to see that flowing through. We completely appreciate the pressure that covid has put on schools but, despite that—I cannot speak about the data we have not published yet in December—but anecdotally, what is coming through from trusts and authorities gives us reasonable confidence about the position.

Q82 Shaun Bailey: Before you come in, Mr Sharp—maybe you will pick up on



this as well—surely there is a bit of a risk that you might get to a point, particularly because you are now ploughing ahead with how that will be utilised, where you might suddenly say, “Oh, actually, we don’t have enough here to realise these ambitions that we want.” I am keen to understand this because, as you said, we are waiting on that information to come through at the end of the month, which will probably give us a better picture of how schools have fared. What happens if we suddenly realise, “Actually, maybe this will not achieve what we first thought”? How do we deal with that?

Warwick Sharp: That risk is very low. The permanent secretary quite correctly talked about the formal points at which we have the financial information, and that will be—it depends which one—later this month for maintained schools and early next year for the same year for academies, because they run on a slightly different basis. We have a lot of intelligence to go on as well. In July of this year, for every single academy trust in the country, we received a three-year forecast—a forecast ahead for three years. We are in constant dialogue with a number of trusts and local authorities. They come to us for support, of course, and we have trust review meetings. All of that suggests that, as the NAO recognised, we have a sector that is holding up well financially. All the intelligence so far suggests that the sector will continue to hold up at least as well in the future.

Q83 **Shaun Bailey:** That sounds positive. We will touch on it in more detail later, but the NAO has also commented that, when it comes to data and the retention of looking at things to analyse, the Department’s record has not been the strongest at times. I am conscious of that. It is great that you are having this dialogue with the sector more broadly, but can you not appreciate the concerns? Without that raw data in front of you, how can you make solid decisions? I know you say the risk is low, but again you can appreciate the concern, particularly given what the NAO has picked up.

Warwick Sharp: There are reasons to be confident in the data. I can give an example of the trust returns that we got in July. There is then a process a year or 10 months later to look at the accounts information compared with the forecast. That is an annual process. We work with trusts and local authorities, we do the same with maintained schools, every single year, to look at the forecasts and how accurate they are. It is not the only source of information. There is dialogue with every single trust. Where necessary, in a very small number of cases, there are approaches for support, and that has not increased recently.

So I think there is reason to be confident. It won’t be long before we have the actual 2021 data publicly available, for maintained schools, and then academies next year.

Q84 **Shaun Bailey:** You have touched on the conversations you have and what you have done on networking. In terms of the financial health indicators that you monitor and how you embed that into the work that you do, can you expand a bit more on that, so I can get a better



HOUSE OF COMMONS

understanding of the financial health indicators that you are looking at when making the spending decisions that you are going to be making with this uplift in funding?

Warwick Sharp: Of course. There are a couple of categories. There is the quality of financial management and governance, which is really high across the sector. In the case of trusts, we have accounts that are externally audited. We can review those. We can review the management letters. We can look at the number of trusts where there are regulatory exceptions, which is very low. It is 92% where that isn't the case—the percentage with unqualified opinions. We can be confident I think, based on the data, that standards and management and governance are high across the sector. That is a really clear indicator.

Then there are the actual finances. For each trust—local authorities do this in the case of maintained schools—it is possible to look at the accounts and the forecast, the surplus position, if trusts are heading towards deficit or if they are in deficit already. Where that is the case, we will work on a recovery plan. There are a range of other metrics—current ratio and so on. We are confident that we have got detailed financial information, on the actual financial performance, but also on management and governance standards.

Q85 **Shaun Bailey:** We have touched on the covid impact perspective in our questioning. What are you seeing in that respect? You are going to have had that information through anecdotally. I would imagine that there has been an uplift in capital spend by schools. What else are you seeing from the covid impact point of view? How are you trying to plan ahead, given that this is going to trickle through over some time?

Warwick Sharp: There are a number of cost categories where schools were able to make savings over this time. Of course, it was a hugely challenging time, but financially there were some cost categories, for example energy usage, some recruitment or supply teachers in some of the period, where costs were lower over this time. There are some costs that are higher as a result. Cleaning would be a good example, although that is a very small percentage of the schools budget.

To a large extent, what we are seeing is that the costs that increased were dealt with through the support that was available—testing support, exceptional claims, workforce funds and so on—and there was a big category where savings were possible. There was also another area where some spend was deferred. If you are a school or a trust or a local authority—any of those structures—and you were planning a big school improvement initiative, you might decide that that is pushed back a year. If that is funded out of the surplus position, you retain that surplus position and fund it out of next year's surplus position.

We are seeing in aggregate that the sector went into the pandemic in a strong financial position, as the NAO recognised, and we expect it to emerge in a strong financial position as well. That is partly because of the extra money in the system.



HOUSE OF COMMONS

I would add that this is a system of 20,000 schools. I am not talking about every single school in the country, but where particular support was needed, we have put it in place. I won't take up time now, but I could talk about boarding schools, for instance, which were particularly affected because of the income-generation model of those schools—

Q86 **Chair:** There aren't many of them in the state sector, so let's not go down that squirrel hole now.

Warwick Sharp: There are dozens, but it is small. I won't go into the detail, but it is an example of a sector we have supported.

Shaun Bailey: I think I will leave that there.

Chair: I think we might want to pause now. We were just distracted by notification from our Whips that votes are imminent. We are expecting four votes.

Sitting suspended for Divisions in the House.

On resuming—

Chair: Welcome back to the Public Accounts Committee on Wednesday 8 December 2021. We were part-way through a hearing about school funding with the Department for Education. Our witnesses are Susan Acland-Hood, the permanent secretary, Indra Morris, director general at the Department, and Warwick Sharp, who is director of maintained schools at the Education and Skills Funding Agency. Mr Shaun Bailey was part-way through his questions, so I will go back to him.

Q87 **Shaun Bailey:** Thank you, Chair. I have one final question. We were obviously talking about the spending review and the additional £4.7 billion. Mr Sharp, in terms of the impact of this extra funding, could you just talk me through how you are assessing that? Perhaps if we were to sit that on a scale, what would be a metric of success, in terms of the maximum impact of the additional funding that has been announced?

Warwick Sharp: I think we want to see impact on educational outcomes. As the permanent secretary was saying, this is all about outcomes for children. My team will play a role in that, in making sure that the money is used as effectively as possible. The sector is on a journey to making sure that it minimises spend where it can but maximises spend on the areas of expenditure that make the biggest difference to pupil outcomes, and we have seen that over the last few years with the shift towards staff spend relative to non-staff spend. We will keep making sure the tools are available, to make sure that that process happens, but it is ultimately all about the educational outcomes.

Shaun Bailey: I will leave that there. Thank you.

Q88 **Chair:** Thank you. I want to go back to one thing that you were saying earlier as permanent secretary, Ms Acland-Hood. You were telling us about the census results that will be ready in January. Can you tell us when they will actually be published? Will they be published in January?



HOUSE OF COMMONS

Susan Acland-Hood: Yes, they will.

Q89 **Chair:** By the end of January?

Susan Acland-Hood: Yes, we will publish the national tutoring programme data drawn from the census in January.

Q90 **Chair:** That is a slightly different answer from the question. What about the census data more generally?

Susan Acland-Hood: I would need to double-check and come back to you. We will certainly be publishing the national tutoring programme outcomes based on the census in January. I need to double-check whether we will be publishing the whole census in January.

Q91 **Chair:** The census is usually published later.

Susan Acland-Hood: I am very sorry, Chair. I will need to come back to you on that.

Q92 **Chair:** It was published this year, but that might have been to do with the pandemic.

Susan Acland-Hood: It was, but we will get NTP data based on the census out in January.

Chair: Thank you for that. Mr Richard Holden MP, over to you.

Q93 **Mr Holden:** Thank you, Chair. One of the issues that the Chair briefly raised earlier—this is something that has happened in my constituency and, I am sure, in others—is the concern that parents have about the impact of staff cuts in order to deliver savings. I have seen that in my local authority area, particularly with classroom assistants being squeezed rather than teachers. Is this the sort of thing that you are aware of, and is it something that the Department is concerned by or not?

Susan Acland-Hood: I will speak briefly about this, then I might pass over to Warwick again. One of the things that we have actually been quite encouraged by over the period in which school budgets were falling per pupil in real terms is that we have been trying to support and help schools to squeeze non-staff expenditure, rather than to cut staffing levels. We have seen the proportion of spend shift from non-staff to staff over that period, which we think is good and positive and represents schools trying to find financial efficiency savings in other places, rather than cut staffing numbers.

We can see that the expenditure per pupil on staffing has actually stayed relatively flat over the period, whereas the expenditure per pupil on non-staff—things such as energy bills and so on, where we have been providing mechanisms for schools to save money—has gone down much more significantly. We can also see that staff-pupil ratios stayed relatively stable and that the number of teaching assistants across the system also stayed relatively stable over that period. We would worry about staffing cuts, and we know that, as Warwick said about some of the other things,



HOUSE OF COMMONS

this is a system of over 20,000 institutions. The picture will not be identical in all of them, but overall across the system, we are relatively pleased by the extent to which schools have focused their efficiencies on back office and not on cutting staff. We see that, as I say, in the pupil-teacher ratios and the overall teaching assistant numbers.

- Q94 **Mr Holden:** I spoke to the headteacher of one of my local primary schools recently. They had been told not to spend too much on staffing. They had been told that they had to maintain some capital expenditure and other expenditure. Are you coming up against those barriers at all?

Susan Acland-Hood: Clearly, if you had a school that spent only on staff and literally nothing on anything else, you would have a problem, but in general we try to use things like the benchmarking tools we give to schools to encourage them to think about how they can, overall, move expenditure from non-staff to staff, because we know that really good-quality teachers in schools are the thing that makes the biggest difference to children's outcomes. Yes, of course, there is some limit there, but in general, we would be helping and encouraging schools to try and spend more of their money on staff.

- Q95 **Mr Holden:** I understand that, but I think you understand my point. When schools are already up to those benchmarks and are then faced with these choices, is it the staffing budget that is going to come under pressure?

Susan Acland-Hood: As I say, what we have seen through the period when budgets were going down in real terms is that schools—I think this is really positive—have taken much more of that out of non-staffing budgets than out of staff budgets. That is what we would want to see. When we looked at our targets for efficiencies across the system, we did it partly by looking at what would happen if we moved some of the schools with the highest per pupil spend on back office—on non-staff expenditure—to the levels of the schools who looked like they were doing that more efficiently. Quite a lot of the work we have done through the school resource management programme has been about trying to help schools to save money on things like energy bills, procurement, supplies and so on, in order to be able to release funds to spend in other areas.

- Q96 **Mr Holden:** One concern a lot of my local schools in North West Durham have raised with me, which must be common to colleagues across the House, is the impact of further energy price rises. Is that something that you are factoring in at the moment, Mr Sharp?

Warwick Sharp: It is, yes. A school tends to spend a very small part of its budget on energy. It might round down to a percent. Of course, we acknowledge that with the current situation there might be a significant increase in energy prices, but it is a significant increase on a very small part of the budget. To put it in the wider picture, there are estimates out there for the sector that we might see energy costs rise across the whole sector in the tens of millions, in the worst-case scenario. We are increasing funding for schools in the thousands of millions.



Q97 Mr Holden: So you are not worried about that. There are some small, rural primary schools in my constituency that might not be the most energy-efficient buildings. That brings me on to my next point. You are not worried about the disproportionate energy costs for small primary schools in rural locations?

Warwick Sharp: What I would say to those schools is that if they go on the find a framework service, there will be two frameworks available that offer value for money on energy costs, and we will keep making sure that we do what we can to support schools, given the current market.

Susan Acland-Hood: That's right. I have one quick point. One of the things we have through the national fair funding formula that we have been looking at is making sure that we keep the lump sum for small schools healthy, because we recognise there are diseconomies of scale if you are a very small school, but there are also very good reasons why we have small schools in the communities that they serve.

Q98 Mr Holden: Exactly. I was at Stanhope Barrington primary school in my constituency a couple of weeks ago and met the head there. Although that is not a tiny primary school—they have about 120 pupils—they find themselves caught in a trap between the block funding they get at an initial level for a small school and something that would be for a single-form entry primary school with, say, 210 children in. They find themselves really squeezed in the middle of that. Are you aware of the pressures that are faced by schools in that category, where they are neither so small that block funding really helps keep them going nor big enough to ensure that they get those economies of scale?

Susan Acland-Hood: I certainly recognise that position. The one thing I would say is that it is worth schools thinking about how they can collaborate under those circumstances. I was having a conversation last night with the Diocese of Ely and the MAT they run, which consists of very small and relatively dispersed schools, which get considerable benefit from being part of something larger than themselves that allows them to get some of the benefits I was talking about earlier.

Q99 Mr Holden: I just want to drill into the numbers a bit, particularly on the local authority side. One thing that concerns me a little is that, obviously, the pressures on local authorities are slightly different from the pressures on schools as a whole. You have increased funding challenges, particularly around SEND, which Mr Wild will come on to later, but also around children in care. That pressure is on the local authority, and those costs are growing much more rapidly than the general education costs. Durham County Council raised this with me in a meeting with them last week. What are you doing to help authorities, particularly on the children in care side, where the costs are for a very small number of children in very difficult circumstances but the costs are just rising through the roof? They can be thousands and, in some cases, over £10,000 a week.

Indra Morris: Let me pick up the children in care point. There are at least two elements to that. One is the overall settlement in the spending review for local government as a whole, where there were significant additional



funds, including for use in both adult and children's social care. The second thing—you will know this from your conversations—is that one of the most significant costly elements is residential placements. Some of that is about fostering and having adequate fostering capacity, and some of it is about the provision of both secure and open residential. We secured £259 million of capital in this spending review to help with that, and that was in addition to money secured at the last spending review.

Q100 Mr Holden: What I am particularly interested in on that is this. Mr Sharp told us earlier, in relation to figure 5, "You know we can't really find anything in common between these different local authority areas." I was wondering whether this is one of the areas you have looked at: the proportion of children. I'm thinking about the situation, particularly in central London and maybe some of the urban authorities—perhaps the pressures on the rural authorities are different, but similar in some regards—in terms of transportation costs for children with special educational needs and also costs for children in care in some of these areas. They might be higher due to the nature of the setting or just the sheer number of children in care in some of these areas. Is the funding that you are providing reflective of the different needs and different demands, particularly around looked-after children, in different areas?

Indra Morris: We think it is. We work very closely with DLUHC on, as I said, the overall allocation and the bid that we put into the spending review. Then there is obviously a funding formula that takes into account the need of individual local authorities. I think what is really important—there is a common element here with special educational needs—is that the issue is not just how much money but also how it is spent. That, for us, is an important part of the discussion that we have with local authorities about their performance, in terms of their provision of services to children but also how they are managing their resources.

Q101 Mr Holden: I recently wrote to the Department about a currently independent AP provider in my constituency that is looking after exactly these sorts of children, particularly aged 11 to 18. They would desperately like to have a proper conversation with the Department about perhaps becoming part of the state sector but looking at different options for the future, and also providing more services, which would be cheaper for the taxpayer than other independent provision in the local area. I have so far not had a very satisfactory reply from the Department on that. Ms Morris, could you take that up and could we speak offline about it—

Indra Morris: Yes, absolutely.

Q102 Mr Holden: Because it is an area of particular concern to me. I have a lot of young people who are in AP provision, which is incredibly expensive for the local authority, and I am sure that that is also the case for other Members here. We need to increase that AP provision. It was something that the Prime Minister talked about at length—more AP schools.

Chair: Ms Morris is nodding vigorously.



Indra Morris: Part of the SR settlement is for additional AP and specialist provision. We work really closely with the AP stakeholder group. If the people you are talking to are not involved in that, I am more than happy to follow up.

Q103 **Mr Holden:** That's great; I'll pick that up.

One final question is about school conditions. This is another thing that I think might be reflected in figure 5: the real-world consequences of some of this stuff. I will give an example, again, from my own constituency. I have a school where the conditions for learning aren't great. The local authority have done quite a good job of maintaining the condition of the local primary school—this is in reference to one in Witton-le-Wear in my constituency—but the conditions for learning are actually quite poor.

What I am really concerned by is that they are being pushed into very difficult decisions where they feel that the only option for them to actually improve the conditions for learning for their children is to go into a primary MAT or another MAT, because they don't see a funding route for them to be able to get school condition improvements via the local authority. Is this something that is reflected across the rest of the country—primary schools that really need this sort of improvement or secondary schools that need this sort of improvement feeling forced to go into a MAT to get access to the cash to deliver the best education for their children?

Susan Acland-Hood: I don't think that should be the case, no. We are investing about £5.6 billion in capital funding to support the education sector in 2021-22, and of that, about £1.8 billion is going towards condition and about £750 million on new places. We have done a lot of work to assess school condition. The condition data collection ran from 2017 to 2019 and collected data on about 22,000 schools, looking individually at 63,942 teaching blocks. That looked at the total condition need across the estate, and that is what we use to try to make sure that we are targeting condition funding at the places that need it most. When it comes to local authorities and MATs, individual SATs and small MATs can bid into the condition improvement fund. Large MATs and local authorities, in exactly the same way, are given a condition allocation that reflects the condition of their schools. So there shouldn't be a difference, except that if a well-managed MAT with a significant reserve allocation is willing to put that towards it, that might be a source. There shouldn't be a fundamental difference in access to condition funding.

Q104 **Mr Holden:** I understand that. With regard to the school condition review coming forward, one issue that the school I mentioned faces is that the actual condition of the buildings is fine but the conditions for learning are terrible. The school is just not fit for purpose, yet if you look at the square footage, it will look fine. That is partly because they have a sports hall that is essentially the prefabricated equivalent of a cattle shed, but that is included in their square footage. Is what the Department is doing at the moment reflecting the conditions for learning for the pupils, or purely—as you're looking at school condition funding—the condition of



HOUSE OF COMMONS

the buildings themselves?

Susan Acland-Hood: It's true that it starts from the condition of the building itself, because we are still in a world where we have to prioritise and try to make sure that we are putting the money against the most urgent need. Fundamentally, if the building is in disrepair, the heating is not working or the roof has a hole in it, that is clearly a priority for action, so it's true that we start with those most urgent condition needs when we do the prioritisation. If the school you are speaking about is in decent physical condition, I accept that that will be lower down the priority list than a school that isn't.

Q105 **Mr Holden:** Again, I have asked the Minister for a meeting about this specific instance, and I have spoken to the regional schools commissioner, but if I could speak to another member of your Department about this specific instance, I would really appreciate that, Ms Acland-Hood.

Susan Acland-Hood: I would be happy to organise that.

Q106 **Chair:** Before we move on from that, I want to ask about asbestos, because when we spoke to your predecessor—to give him great credit, he started the condition survey and we are finding we have a bit more of an idea, so you have inherited at least some data on that—there was a big question about asbestos in schools. There was some surveying going on there, but there were no plans then for the Department to provide any additional funding to schools to remove asbestos, which is getting into a dangerous state in many of our school buildings. With the settlement that you had in the spending review, is there any plan to separate any of that out to deal with asbestos particularly?

Susan Acland-Hood: We do that through the general location, and we look at that alongside other needs. We take this incredibly seriously. You're right: I inherited something good from my predecessor. I will just briefly say that I was in charge of school capital policy and was part of helping launch the condition survey as well, but we all play roles together, don't we, in these things? We launched the asbestos management assurance process in March 2018 to try to understand how well asbestos is managed in schools, and we asked all state-funded schools and their respective responsible bodies to participate. We got a response rate of about 92%, and we found no systemic failures in the management of asbestos across the state-funded school estate.

We are following up with the schools that did not respond, or that provided only partial information, in order to make sure that we have an absolutely complete picture. Then the Condition Data Collection 2 programme will collect condition, contextual and building management data for every state-maintained school in England, as well as refreshing the asbestos data, so we will bring that together in the next round of the condition data collection and that will give us the evidence base to inform the next set of investments. That will mean that we can pull in the asbestos compliance data as well.



HOUSE OF COMMONS

This is something that we take extremely seriously. The maintenance funding that I referred to earlier—the £1.8 billion for '21-22—can be used for asbestos removal where required. We don't split it out separately, but it is part of that overall—

Q107 Chair: One of the problems we were talking about then was that if a school identifies asbestos, as a governing body and a headteacher, they have to deal with it. If you haven't got any funding to do things like sort out the sports hall, and it is in a glorified shed, or deal with other big problems—happily not in my constituency, as most of them are new, but in many parts of the country, there are schools that are in really challenging situations—there is not a big incentive to go and find out what the asbestos situation is, because you have a legal responsibility if you uncover that. How are you going to square that circle, to make sure that you have that real information and that you are then having a programme to get rid of it?

Susan Acland-Hood: As I say, I think headteachers and school governors take their responsibilities incredibly seriously.

Q108 Chair: I'm not suggesting they don't, but it is not something that you want to go and seek out if you don't need to disturb it.

Susan Acland-Hood: It can often be good asbestos management not to disturb it. The critical thing is that people are managing their asbestos well, and that is what the asbestos management assurance process was designed to test. As I said, we have gone out. We have responses from 92% of schools. We are following up with those we haven't had a response for and are then building that into the next round of the condition data collection.

Q109 Chair: Do you have any idea when we might see an end to asbestos in school buildings?

Susan Acland-Hood: I don't think I could put a date on that.

Q110 Mr Francois: On a related point, there is school in my constituency called the King Edmund School, which unfortunately discovered a structural problem a couple of years ago. It is not concrete cancer; it is a problem with the concrete, in a large post-war block. Basically, it is unsafe. I want to say thank you, because after some considerable negotiation with the DFE, you have come up with a multimillion-pound grant to allow the block to be completely rebuilt. So, for once on the PAC, thank you. However—
[Laughter.]

Chair: Store up the good stuff while you can!

Mr Francois: In all seriousness, the cost of the block keeps increasing because of increasing net zero factors that have been built into the design, some relatively late in the day. On the one hand, it is good that the Government are coming up with the money, because these children need a good education, but can we be mindful that, while climate change is important, we don't want to make the requirements so onerous that they make new facilities practically unaffordable? Is that something you



HOUSE OF COMMONS

could agree to carry back?

Susan Acland-Hood: Certainly. What we want to do is to try to be as ambitious as possible on climate change, but to make sure that we are doing that as economically as possible. One of the things we have seen through the school rebuilding programme in recent years is that we have been able to, partly through having a pipeline of projects and managing that jointly, push down the costs significantly. That has got to the place where we have been able to make the commitment that new schools from here on will be net zero in construction and know that we can afford to do that, because we can manage the cost. But I agree with you that that is absolutely something that we have got to take into account. I will happily take it on.

Q111 **Mr Francois:** In fairness, there is another secondary called Sweyne Park. Recently, because of expanding pupil numbers, they built six new classrooms in a block, in a very eco-friendly building. There they managed to keep the costs quite well under control, and Essex County Council did well on that. So it can be done—well done Sweyne Park—but I would just like to make the point that while climate change is very important, we need to keep this in proportion because clearly resources are finite.

Susan Acland-Hood: I completely recognise the point that we have got to make sure we are doing it economically.

Q112 **Shaun Bailey:** On the SEND review, when will we see it? I know we said early 2022. What does that look like to you?

Susan Acland-Hood: The Secretary of State has committed that it will be in the first quarter of 2022.

Indra Morris: Absolutely—in the first three months.

Q113 **Shaun Bailey:** We were promised it in June of this year. Can I probe that a bit more? Have we got a landing date on when in the first three months?

Indra Morris: The first three months. We are working hard. We have got a good team and really good stakeholder engagement.

Q114 **Shaun Bailey:** You can appreciate the frustration.

Indra Morris: I totally appreciate the frustration. Covid has a significant impact. I wish—I will be quite open with you—

Q115 **Chair:** We were promised that it was going to be here in June.

Indra Morris: And I wish that I had been clearer earlier what the impact of the covid was. Coming out of the pandemic, I talked very extensively with the stakeholders about where we were and what the impacts were.

Q116 **Shaun Bailey:** What do you think the impact of the delay has been, Ms Morris, for SEND children?



Indra Morris: As I said, I wish circumstances had been different, because of course, the pandemic has been extraordinarily difficult and challenging for children and young people and their families, not least those with SEND. It is not the only thing that we are doing, but it is really important, and that is why, as I said, we are working really hard and closely with our stakeholders. We have a good team, and we are committed to the first three months. Alongside that, we secured what in my view is a very important settlement in the spending review, both the high-needs revenue settlement—which links to the conversations we have been having earlier—and the capital settlement, £2.6 billion, which is absolutely—

Q117 **Shaun Bailey:** I will touch on that as we carry on. Ms Morris, from your perspective, what are the metrics of success with this SEND review? How are you going to know that we have succeeded in giving the support to SEND children?

Indra Morris: That we will improve the outcomes of children and young people. That is the unifying goal of the SEND review, and then combine that with doing that in a financially sustainable way, because we can see in the system as it exists today that the combination of cost pressures and performance issues are incredibly interlinked. That causes extensive anxiety.

Q118 **Shaun Bailey:** Secondly, very quickly, I know that one of the big things the Department is doing at the moment is cross-Government working around this. You have communicated to us the different groups you are working with. Could you perhaps go into a little more detail about the different Departments you are working with, and the different representative groups and bodies? You have also highlighted that you have tried to bring parents and practitioners on board as part of this. Could you talk through how you are piecing that together, and how that is feeding into the review more broadly?

Indra Morris: If this is about the SEND review, absolutely. We did quite a lot pre-covid, obviously, and then we worked with some of the same people on the covid response and what was needed during that period. In the spirit of transparency, we published the members of the steering group: that is everyone from parent-carer forums through to NHS and other Government Departments, uniquely bringing together schools and local government, all the key people in health and all the key parts of the system, as well as our colleagues across national Government who really need to pull together and make this a success.

On top of that, there has been very extensive user engagement to bring in the voices of children and young people themselves, and the Children's Commissioner, who is also on the steering group, is a key part of that as well. Minister Quince is also extremely active, talking to Nasen and others about experiences, hopes and anxieties around the SEND review.

Q119 **Shaun Bailey:** Can I just bring you back to outcomes as well? Obviously, you talked about outcomes in answer to my first question. What outcomes are we talking about here? How are you measuring outcomes?



HOUSE OF COMMONS

Obviously, it is not just about exam results at the end of a child's school career. I would imagine it is more broadly as well, so just talk me through the metrics around that.

Indra Morris: It's beyond that. This is part of the discussion we are having in the steering group and with stakeholders, but of course, it is also about life outcomes. As you know, it is about NEET, it is about health, and it is about wellbeing as well as attainment, so that rich set of outcomes—the outcomes that matter to parents and to children and young people themselves—is our focus.

Q120 **Shaun Bailey:** Can I talk a little bit more about the financial side of SEND support? I should say, Chair, that I have a few cases in my constituency where parents are quite worried about this, particularly in Tipton, which I represent. The Sandwell Autism Group, particularly, has raised concerns with me.

In the Report, it has been highlighted that because of financial pressures, 80% of primary heads and 72% of secondary heads have said that they have had to make changes to the support they provide to young people with SEND. Obviously notwithstanding the funding uplift you have talked about, what analysis, if any, do you have of the impact of that? I am thinking, for example, of a child with severe autism who needs one-to-one, bespoke tuition and work and who will probably not cope in a group setting, which many of these provider schools are having to develop. How are you balancing these off? Clearly, this is an issue.

Indra Morris: We are not seeing a significant amount of evidence of schools having to make those sorts of decisions.

Q121 **Shaun Bailey:** In terms of changing their support models?

Indra Morris: Absolutely. What we are seeing is the best schools being able to give support in the classroom, and then draw on specialist support where they need to.

There's a combination here of adequate school funding, which we've been talking about, and local authority high-needs allocation. But it also includes working with local authorities to make sure that that high-needs allocation is well managed and available to schools, and that some of the areas of cost pressure, such as the availability of ed psychs or specialist provision, is addressed by action that we're taking—increasing the supply of ed psychs through funding three cohorts and investing in more cost-effective additional specialist provision. It is about addressing that in the round.

Q122 **Shaun Bailey:** At the start of your answer, you said that the best school are doing that. What are you doing with those schools that fall through the cracks? Not every school is going to meet that best school level, so what support are you providing to them? Equally, they are going to have these pressures, aren't they?

Indra Morris: It goes back to the core school funding settlement. We talked about the £4.7 billion. We then talked about school resource

management and helping schools, through benchmarking and the support from the Department, to make those informed decisions while addressing the wider environment and wider support that schools can draw on to support these children. That is partly about the local authority, as you know, but it is also about health.

Q123 **Shaun Bailey:** Let's talk about the £2.6 billion. The 2019 NAO Report concluded that the system at the time was not financially sustainable. How far does that £2.6 billion go towards bringing some financial sustainability back into the SEND support system?

Indra Morris: Specialist provision is one of the key cost pressures; I am sure that you hear that locally as well. There's probably a two-pronged approach to this: one is the additional revenue and capital, which I have already talked about; the second is work directly with the local authorities, which happens in a number of ways. One is the safety valve programme, which we started on a relatively modest footing. We work with those with some of the worst high-needs deficits, asking them, "How can you get greater control on your high-needs deficit while benefiting from additional funding and delivering what your children, young people and families need?" We have funding in this SR to scale that. It is a bit early on the safety valve, but we are seeing early signs that it is helping to bring deficits down.

It is also really striking that, if you look at those local authorities—Lincolnshire, for example—there is no written statement of action and no deficit, but they equally recognised that they had a challenge in working with parent carer forums, schools and local authorities. They have been really proactive—without the Department, in this case, which is quite inspiring—in setting out a whole programme of work to make sure that that continues to be sustainable for them.

Q124 **Shaun Bailey:** I am just trying to make sure that I understand what you are saying. For you, it is about developing a broader system that encourages excellence and enables schools to take those independent decisions to manage specialist provision in a way that suits the students that they're providing for. Do I understand you correctly?

Indra Morris: And also provision in the classroom. This is wider than specialist provision. Specialist provision is one of the biggest pressures on budgets, but of course for a lot of children it is also what happens in the classroom in mainstream schools that is incredibly important.

Q125 **Shaun Bailey:** Some 39% of my secondary schools are classed as "requires improvement" by Ofsted, which is horrendously above the national average. If we are talking about this system of trying to create schools that push best excellence, how do we ensure that we don't have a postcode lottery system? My slight concern is that, maybe as an unintended consequence of this strategy, we end up with a bit of a postcode lottery. What is the Department doing around that?

Susan Acland-Hood: I just wanted to say one thing about this. One of the reasons why the Secretary of State committed so firmly to the



timescale for the SEND review in the first quarter of next year—apart from the fact that it has been far too long delayed and we need to get on with it—is that he wanted to link it tightly with the schools White Paper, which will also be published on that timescale. That is a really important part of this. The point you make is a really good one. Children with SEND may need some additional support but, given the very high proportion of children with SEND who are in mainstream schools, what they need more than anything else is good-quality teaching. What delivers that is improvement in the school system overall. There is an absolutely tight link between the work on the SEND review and the work on the schools White Paper in the Department. You would expect that, but it is true, and actually I do not think it has always been true that we have united those things as tightly as we are doing at the moment, under the leadership of the Secretary of State.

That focus on trying to ensure that we keep going to set in place the mechanisms that will help schools to improve their mainstream provision is a core part of the work on the SEND Green Paper. If we were sitting here saying that we think the SEND work will solve this, whether schools improve or not, you would rightly be telling us that that was not likely to bear fruit. I wanted to make that point.

Indra Morris: Absolutely. The postcode lottery point you made is absolutely part of the SEND review.

Q126 **Shaun Bailey:** That is positive to hear. Have you done any analysis on the impact of the £2.6 billion, particularly around the dedicated high-needs grants that local authorities have? How are you interlinking with that? Colleagues have heard across the piece that the pressure on that funding is enormous, given what it covers—it is so wide ranging. My local authority has had significant pressures on that. What is going on around that, because clearly there is an interlink there too?

Indra Morris: Absolutely. That comes back to what I was saying earlier, that it is the combination of securing the additional investment in the spending review—not for the first time, as it will be a third increase for high needs over the period—and the work both on the safety valve I talked about and with the local authorities that have deficits, to get them on a downward trajectory. Alongside that, there is work with local authorities that have a written statement of action, so we are intervening—we are involved in 49 of those—and there are those with a timeliness issue, which is another group on top of that. Those are key parts of our current work and planned work.

On additional support to schools, we fund what we call whole school SEND and the Autism Education Trust—over 3,000 people who work with children and young people in schools to improve the quality and capability of the system. So there are a number of different elements of the response in the here and now and in the plans ahead of the SEND review.

Q127 **Shaun Bailey:** You are confident that those pressures that we have heard about, particularly on the funding and what is put on local authorities, will



HOUSE OF COMMONS

be somewhat alleviated through that funding—is my understanding correct?

Indra Morris: Over time and with concerted effort by us, schools, local authorities, Health and others, yes.

Q128 **Shaun Bailey:** Finally from me, although I know this question may sound like a broken record, is £2.6 billion enough? In fairness, I put this question to one of your colleagues in another Department, and they did not want me to tempt them to ask for more and more.

Indra Morris: It is a significant contribution, but I also think that it is important that we do not see this just as a specialist provision challenge. It comes back to what you were saying about schools in the round.

Shaun Bailey: I will leave my line of questioning there, Chair.

Chair: You have someone here already willing to lobby for more.

Q129 **James Wild:** On the review, I note that your letter talks about concluding it “at pace”—

Chair: Your pace is slower than walking.

James Wild: We naturally find that a little frustrating. I was not clear what the issue with covid was, seeing that you told us it would be ready in the summer. At that stage, you did not say, because of covid, you would not complete it. Now, you are talking about the first three months of next year, which is getting to be well over two years to deliver a review.

Indra Morris: For a significant chunk of that, if not the majority of the time, we have been in the midst of a pandemic. There are two things, one of which is that, although it may be hard to remember the intensity, we and our stakeholders had an early discussion of where we were at. We focused on the covid response for vulnerable children, including SEND children and young people. As I said, I wish that in hindsight I had ensured that we had made it clearer earlier that this was going to constitute a delay, because it would have at least come as less of a shock.

Secondly, there is something about starting programmes. The temptation was, as we were trying to come out of the pandemic, to try to pick up where we left off. In some respects, as we have said previously, some of the challenges intensified. When I was talking to stakeholders and other Government Departments, we took a very short time in June and July to just say, “Okay, what are we trying to achieve here? What have we learnt so far? What has covid changed? What does that mean for the delivery of the programme?” That is really where we got to the new delay. I recognise the frustration; I absolutely do. But the good thing is, talking to the stakeholders at the time, most of them recognised why we were doing it and are saying openly and publicly that they feel more optimistic.

Q130 **James Wild:** As a Committee, we were told—well, Parliament was told, everyone was told—it was going to be June. We were still under very serious controls with high covid at the time when you were telling us it



HOUSE OF COMMONS

was going to be done in June.

Indra Morris: I take responsibility. We wanted to crack on.

Q131 **James Wild:** We will hold you to Q1 next year.

I want to raise the position in Norfolk, where there is a £120 million capital investment programme under way to increase capacity. I think the DfE is building one of the new schools in the build-up provision. The demand is growing. The county council has written to MPs to say that they are being required by tribunal judgments to send pupils to private providers, where there is capacity, and those providers know that the county council has to pay whatever they charge them. They say that they are being charged "exorbitant prices, knowing full well we have the option to pay". What is the Department doing to address that concern about exorbitant pricing?

Indra Morris: This for me is why the £2.6 billion in the spending review is so important to provide additional capacity that is more cost-effective.

Q132 **James Wild:** Okay, but what about other mechanisms? Are you talking to the CMA or anyone else to look at the fees and whether they are above a justifiable level, because the county council has no choice?

Indra Morris: We have done something similar in children's social care, where the CMA is looking at children's homes. I can take that away and consider whether it is worth doing.

Susan Acland-Hood: I think it is also a theme for the SEND review. There is a set of things here. There is providing more provision that is not private, that allows us to make sure that people do not have to choose a private place because no stakeholder place is available. The SEND review is also looking at some of these market structure questions and at some of the pieces of the system. Again, it is right to ask the question: is it sensible to have a system in which the council can be directed to buy provision at more or less any cost, or do we want a system in which the cost is taken account of a little bit more effectively? The main aim of the SEND review is to get better outcomes for children. We want to do that in a way that is sustainable. As part of that sustainability, those kinds of questions are being asked.

Q133 **James Wild:** Thank you. So that will be specifically addressed. Ms Morris, from your answer, I did not get the impression this was something that you were seized of or that had necessarily been raised with you.

Indra Morris: Maybe I misunderstood your question, but it sounded like you were asking whether we were doing anything in the here and now on the pricing of specialist provision.

Q134 **James Wild:** Well, both. Are you doing anything in the here and now to deal with this issue?

Indra Morris: Not immediately, but we are looking at it, as I said. Capital investment increases—



Q135 **James Wild:** But that will take time to come onstream. Even with the projections that Norfolk has got and this £120 million, they will not have enough places, so the problem will endure. It will not be unique to Norfolk that there are providers charging well above a fair rate.

Indra Morris: And that's where we come back to what we were saying earlier. It is partly about the SEND review, and partly about a supportive and inclusive mainstream provision that gives parents confidence.

Susan Acland-Hood: And the safety valve work. That is the kind of thing some authorities have looked at through the safety valve programme. They have looked at what is driving us to have to spend on very expensive specialist provision and whether there are other ways we can use our money to try to manage children with those needs differently, so we do not have such high demand for it. We have seen it in Richmond-on-Thames, and I think I talked about Hammersmith's use of the safety valve programme in a previous meeting of the Committee. That safety valve programme effectively allows local authorities to look at places where they could pivot provision to try to avoid the use of really expensive places.

We all completely recognise the structural challenge in the system, which is that if we can spend more effectively and preventively earlier, we can reduce the need for very high-end provision. Conversely, if you end up in a place where you are being required to spend a lot on very high-end, expensive provision, it is hard to release the money to do the early, more mainstream and more preventive work that might reduce the cost. That is what the safety valve programme is seeking to address in the shorter term.

Q136 **James Wild:** Okay. In Norfolk, the county council spends £70 million a year on special school places across the state and independent sector, but on top of that they have to spend £23 million a year transporting children to those schools. Would you agree it can't be right that a quarter of the funding is going on transporting people rather than on the education they are receiving?

Susan Acland-Hood: Again, that is one of those things we would like to be working with councils on as they look at their pattern of provision. You are going to end up with higher transport costs in some places than in others because of the geography of the nation, but I agree that that is a significant amount and we should be ready to look at it.

Q137 **James Wild:** In the review and the funding you have, will allowance be made for Norfolk and other rural areas where, because of the geography, there is a huge amount of money going on just moving people around, when it should be going on giving them a good education?

Susan Acland-Hood: As part of the SEND review?

Q138 **James Wild:** Yes, and the funding that you have received. Are you looking at changing the formula so there is compensation for councils in that particular situation?



HOUSE OF COMMONS

Susan Acland-Hood: The funding formula already has some factors in it that recognise rurality and transport need. That is certainly something we would keep under review and keep looking at.

Q139 **James Wild:** Is that being kept under review as part of the SEND review?

Indra Morris: We can look at it as part of the funding. As you say, the cost of school transport is a long-held bugbear of local authorities.

Q140 **James Wild:** Indeed.

Indra Morris: It is part of that and taken into account in the existing funding. It has not come up, but if we need to revisit it and look at it as part of the review, we can do.

James Wild: It is probably best if I share the correspondence from Norfolk with you so you can pick this up with them directly, because this is a long-running issue, as you say, and if there is an opportunity where you are reviewing the whole approach, it would seem a logical point at which to try to tackle it.

Chair: The longer the review goes on, the more requests you will get to learn from our local authorities. The more times you appear in front of us, the more we will have a list of places you can visit to learn. I will go briefly to Mr Mark Francois.

Q141 **Mr Francois:** Permanent secretary, forgive me, but covid is becoming the go-to excuse of choice for every civil servant in Government when something has not been done. We have seen that in the MOD recently, we have seen it in other Government Departments and now we are seeing it from you today. If people were working from home rather than in the office, presumably they were still working.

Susan Acland-Hood: Absolutely—very hard.

Q142 **Mr Francois:** So why hasn't the work been finished after two years?

Susan Acland-Hood: The first thing I will say is that I am incredibly proud of the work my staff in the Department have done over the past two years. They have worked unbelievably hard and they have done—

Q143 **Chair:** I'm sorry, but I think we've acknowledged that. You said it at the beginning, and we don't disagree. Perhaps you could answer Mr Francois's question.

Susan Acland-Hood: I absolutely will, but it is important for me to say it.

Q144 **Mr Francois:** To save time, with all that hard work, why has that not included completing this review after two years, please?

Susan Acland-Hood: The first thing I will say is that the reason covid was a challenge was not because it meant people were unable to do their normal work; it was because it added very large quantities of additional work that the Department has had to do, without any additional admin resource. We have had to divert people in order to ensure we were able to manage the additional work, to do things such as, for example, stand up a



HOUSE OF COMMONS

90 million-count testing programme in three weeks. It is not that people were not doing the day job; it is that we had to make some really tough decisions to reprioritise.

On the SEND review, there were two layers. Again, exactly as Indra has said, I completely understand the frustration about this. I wish we had been able to do it more quickly, but effectively there were two phases. There was a phase where we paused work on this in order to divert resource to do other things that we had to do to manage covid. When we said we were going to publish in June, that was because we had stood the resource back up and got the team working again.

However, one of the things that happened when we got the team working again, and we went out and talked to people about where we had got to—this is Indra's point about the mistake that I made, and I will say that—was that we assumed that the team could carry on from where they had left off. Stakeholders told us that the context had changed. Covid had changed the world in which the SEND review was going to land and the things that it needed to do.

That was why, when we then said in June or July that it was going to take us a bit longer, we had stakeholders coming up and saying it was right to delay it and look at it again, because we couldn't just pick it up from where we had left off and carry on the work that we had been doing before the pause. We needed to do some different work because covid has changed the context for these children and it has changed the level of ambition that we want to have in the review.

The third factor was this point about making sure that it was really well integrated with the schools White Paper. As we did the further work, that fundamental importance of making sure that it was linked together really well with the work that we were doing on the schools White Paper became clearer and clearer. So, I completely understand the frustration. I am sorry that we weren't able to be clearer about what was going to take that time.

Q145 Mr Francois: It has affected everyone's working patterns. It has affected the ability to do face-to-face surgeries, but I can remember doing face-to-face surgeries with constituents literally in tears because they had to fight like tigers for two years or more to get an education, health and care plan for their child. They felt, all the time, because this stuff is expensive, that the system was against them.

Could I make one quick plea? There is more resource, which I think everyone has welcomed. I don't claim to have a silver bullet answer, but somehow, at the end of the review, when it is done, you have got to come up with a system that helps the parents of these children and doesn't fight them. What you hear again and again is they feel they are fighting the system because they love their kids, and the system keeps telling them that they are wrong and that it knows their children better than they do.

My plea to you, in all seriousness, and this is not a party political point at



HOUSE OF COMMONS

all, is that after these two years of effort—I heard what you said—can we please come up with something that actually helps families, as you intimate in your letter to the Chair of the Committee, where you say you want to, “Improve people’s experiences of the SEND system, with services working in co-production with children, young people and families”. I plead with you, can we come up with a system that helps these kids and these families, rather than fights them all the time and makes them feel that they are doing the wrong thing because they love their children?

Susan Acland-Hood: Yes.

Indra Morris: I think that is incredibly important.

Q146 **Mr Francois:** Can you give us that commitment today?

Susan Acland-Hood: Yes.

Q147 **Chair:** Thank you. As Ms Acland-Hood knows, we have been on this for a while, so we will be watching closely when it does eventually come out. What is the timing for the education White Paper?

Susan Acland-Hood: First three months of next year.

Q148 **Chair:** Okay. If one is delayed, are they both delayed?

Susan Acland-Hood: What the Secretary of State said when he gave that timeframe to the Education Committee was that he wanted to do the two together.

Q149 **Chair:** Okay, so if one is delayed, they are both delayed, probably; that is another way of saying that.

I want to move on to a PAC point about the deficits in schools, which we have talked about a lot. Some local authorities still have reserves. Will they be able to use their reserves to cover the dedicated schools grants deficits in accounting terms? Do you know if that is possible, Mr Sharp?

Warwick Sharp: I haven’t got the detail about that to hand. I know that at the moment DSG is ringfenced. I will have to write to you with an update.

Q150 **Chair:** Can you write to us? We are concerned about lots of issues around delays in audit for local authorities, which means that they haven’t even got audited accounts in many cases, so there is quite an issue there.

On that point, for a long time my own local authority had backfilled the special educational needs budget with its own resources, until that became impossible because of budget cuts. One of the questions about SEND is whether you really have the true picture. Boroughs like mine in Hackney were able to do that; then they could not do it, so that caused a lot of upset locally—as you can imagine—because suddenly the money went. Are you absolutely sure that you have got the metrics and the numbers right on what the real need is for special educational needs, if it is being funded from other parts of the public purse for a period of time?



HOUSE OF COMMONS

Indra Morris: We think we have a really good settlement and an approach for getting those deficits under control whilst providing good services. Ultimately, as you know, local authorities have some discretion to decide what share they give to which different bits of their services. But, yes, we think we have a strong way forward.

Susan Acland-Hood: We do work very closely with the LGA and the ADCS on this as well.

Q151 **Chair:** It is just a concern. When we see all the issues around school funding, often it is either that money can be top-sliced to fund things like special educational needs, or, conversely, that those centrally funded pots of money can get squeezed to help keep school budgets to a reasonable level. There is always a concern about the balance.

One of the key issues that we have picked up on—thanks to the National Audit Office doing the digging on this—is that we are seeing a redistribution of funding from schools that are more deprived to those that are less deprived. Was that the intention of the funding settlement?

Susan Acland-Hood: We talked through this quite extensively last time we met. The critical thing is that the national fair funding formula follows deprivation and need, particularly at the pupil level. Also, the proportion of the money going through the national fair funding formula that is related to deprivation has actually increased over time—it is about 17%. The shift that was seen in the NAO Report reflected the fact that the national funding formula replaces a system that was not entirely rational, but that had also got a bit ossified.

We saw a phenomenon where there were some deprived areas that remained very deprived, but were a bit less deprived than they used to be, and other areas that may be less deprived than those areas but were now more deprived than they used to be. The funding was increasing for the areas where the deprivation was increasing and decreasing for the areas where the deprivation was decreasing. That meant that in some cases more deprived areas were getting a bit less funding and less deprived areas were getting a bit more than they used to. But the deprived areas are still getting more than the less deprived. What is happening is that the funding is following the change.

Again, I can write to the Committee on this if it is helpful; I can give a set of examples. But if you look at a borough like Tower Hamlets, they remain very deprived compared with other boroughs, but they are not as deprived as they used to be. Everybody's funding is going up, but comparatively Tower Hamlets' funding has reduced a little, because the deprivation level has reduced a little bit. That is the artefact that the NAO saw in the Report. We are confident that the funding is rightly reflecting levels of deprivation.

Q152 **Chair:** Can you sit there and be clear with those headteachers working in the most deprived areas that they will not see a detriment to their funding—that they will continue to get more funding than the least deprived areas?



HOUSE OF COMMONS

Susan Acland-Hood: The funding will continue to reflect the level of deprivation. So, yes, the most deprived areas still get more funding than the less deprived areas, and will continue to do so. If a very deprived area becomes a bit less deprived, the funding may change to reflect that.

Q153 **Chair:** What about the minimum funding level for pupils? There has been a minimum standard announced—we talked a bit about that last time—but that will mean that, whether you are from a very deprived area or not, you will get the same level of minimum funding.

Susan Acland-Hood: Yes, that is true, but it is a relatively small proportion of the overall funding going out through the system. You are right that it slightly dampens the deprivation gradient, but the overall proportion of funding that is deprivation-linked that goes out has gone up, not down.

Q154 **Chair:** We must not over-claim that it is all going to be fine, because, actually, there is a dampening effect, and that has an impact.

Susan Acland-Hood: But alongside that, the proportion of funding that is linked to deprivation factors has gone up. The minimum funding guarantee is a very small proportion of the overall funding. It is still true overall that the most deprived areas get the most funding, and that the funding follows deprivation.

Q155 **Chair:** Okay. Ofsted and others have looked at the impact. Evidence suggests that extra spending can have more of a beneficial impact on outcomes for disadvantaged pupils. With covid, we have talked about SEND. I think Mr Francois made the point very eloquently about the impact on parents of worrying about that. All of these issues have an impact on pupils. On extra funding for those children who are most disadvantaged, if we are talking about levelling up and value for money, that early investment is really important. Are you confident sitting here today that schools in deprived areas will have the money that they need to deliver the support that they need to those pupils?

Susan Acland-Hood: Yes. It is incredibly important that we continue to make sure that we are funding schools and pupils who are deprived, to recognise the point that you make—that the funding can make the most difference to some of those pupils. That is why, as I say, the proportion of the national funding formula that is linked to deprivation has gone up. That is why our recovery funding is linked to deprivation. It is targeted on pupil premium pupils. It is absolutely critical.

Chair: Mr Sharp, do you want to add anything?

Warwick Sharp: Nothing further to the permanent secretary.

Q156 **Chair:** Okay. Given the time, I will not go into that too much more, but obviously there are other bits of support in school that are provided by other Departments. We talked about school nurses, provided by local government down through DLUHC, and other support through educational psychologists. What kind of conversations are you having with other Departments about cuts that they might be implementing that



HOUSE OF COMMONS

have an impact on pupils and, particularly post covid, on pupils' wider wellbeing, which is going to be pretty critical, as Amanda Spielman was saying only yesterday?

Susan Acland-Hood: We spend a lot of time talking to other Departments. On this particular topic, I would highlight the conversations with DLUHC and with the Department of Health and Social Care. On DLUHC, Indra talked a little earlier about the work that we have done to increase the supply of educational psychologists. She also talked about the increase in core spending power for local authorities that we have seen through the last spending review. We worked really closely with DLUHC on the funding for the supporting families programme as well, and we have been working very closely with the DHSC on funding for children's mental health in schools.

Q157 **Chair:** That is all working and talking to them at Whitehall level. What does it mean in schools on the ground? If you have a council that has still had significant cuts to its budget over the last decade, and they are still dealing with the challenges of covid, funding a school nurse in a school might not be the top priority for them compared with some of the other things that they have to deal with. What levers do you have to make sure that these ideas and initiatives are actually delivered on the ground?

Susan Acland-Hood: At some level it is right that local authorities have the ability to make some reprioritisation, but for example, on educational psychologists we committed £13.6 million to fund the training of three more cohorts of ed psych trainees starting in September 2020. We have increased the number of trainees a year from 160 to 203, so we map that demand and make our own contributions to making sure that that training is happening. When it comes to mental health in schools, for example, we have a set of planned programmes with the Department of Health and Social Care, including the work on mental health support teams in schools, so it is not just chat; there is practical action that we take together.

Again, take the example of the supporting families programme. We had work going on inside the Department looking at the case for early intervention. We decided that we were not going to set up a new and separate early intervention programme led by the Department, which in times gone before we might have done. We went and sat down with DLUHC and said, "We want to jointly work with you to support a bid for the supporting families programme." We did that jointly and we were successful in persuading the Treasury to give us the funding.

Q158 **Chair:** You get a tick from the Committee for that because we do not see many joint bids that are successful. Are you confident that the levers you have in that programme are the ones that will actually deliver for pupils and families, so that you get the early intervention outcomes that you expect?

Susan Acland-Hood: Yes.

Q159 **Chair:** And that will feed into the SEND review.



HOUSE OF COMMONS

Indra Morris: As you know, the supporting families programme is a live programme—an extra £200 million on top of the baseline. Of course, it helps with that wider system and service provision.

Q160 **Chair:** As Mr Francois highlighted, it is terribly distressing for parents dealing with a child with special educational needs. If you also have challenges in that family—whether it is poverty or other issues—there are lots of other layers of challenge, so the supporting families programme needs to be stitched into that.

Indra Morris: And mental health, health therapies and health support are all part of that.

Susan Acland-Hood: One of the strengths of the supporting families programme is that it does take that holistic view around the family, and tries to—

Q161 **Chair:** We do not have time today to go into the whole supporting families programme. Looking at that may be a bit of work for the National Audit Office to do at some point, because these schemes always sound great but, in the end, a lot of it is about granular delivery on the ground, which is going to be a potential challenge.

Before I pass to Mr Shaun Bailey, I want to come back to figures and monitoring, which we were talking about earlier. Ms Acland-Hood, I think you said you had done some analysis to suggest that staff numbers had not actually gone down, because schools were reducing other services—they were finding the money from elsewhere. Do you have any data on the impact of funding cuts or funding management on the ratios of pupils to teachers?

Susan Acland-Hood: Yes.

Q162 **Chair:** And what are you seeing there?

Susan Acland-Hood: We are seeing relative stability in staff to pupil ratios over the period where funding went down. I can read out my table or I can write to the Committee—what would you prefer?

Q163 **Chair:** I don't think you need to read out the table. You are confident of that, are you? Okay. What about the impact on the curriculum offer? You can keep staff numbers up, but you might not have enough geography teachers or whatever. Some schools are dropping whole humanities subjects or different languages because they just do not have the staff resource to do them, and funding that as a curriculum offer is just too expensive. Are you monitoring that?

Susan Acland-Hood: Yes. We look at the total hours taught in secondary subjects, and we keep an eye on that to see whether there are any areas of concern. One of the things that tends to get raised is arts and music, but we have actually seen hours taught in art and design and in music hold up relatively well across the period. For example, there were 138,981 taught hours in art and design in 2015-16 and then, in 2020-21, that was 138,136. So there was a small drop.



HOUSE OF COMMONS

Q164 **Chair:** But that is across the country. There are sometimes whole parts of the country—Mr Bailey will pick up on some of this—that, for various reasons, struggle to recruit particular teachers. Some parts of the country have not had qualified chemistry teachers, for instance, which has a huge impact on the attainment of pupils and their ability to access certain careers. Are you looking at that? How deep are you going to see whether there are regional disparities that are significant enough to damage or dent the prospects of a young person? Parents would not know about that when they send their children to school.

Susan Acland-Hood: We do look at teacher supply, both regionally and by subject. Again, we now have a relatively mature programme of incentives for shortage subjects, which we look at in quite a dynamic way, because they do change. Not so long ago, we were very concerned about the supply of maths teachers, but that is actually much healthier than it was. By the way, if anybody out there wants to be a maths teacher, we still need you—do come and be a maths teacher—but maths is less of a concern than some other subject areas. We look at that dynamically every time we go out to recruitment. We find that the incentives really help us in bringing teachers through.

There are two issues. There is the supply of qualified teachers, which we look at through the teacher supply model, that programme of incentives and the work that we do on teacher recruitment and retention—retention is as important as recruitment of course. The second thing is how schools plan for their curricula, and it would be worth briefly mentioning the work being done on integrated curriculum and financial planning, which is one of the things we support schools with through the school resource management programme, which has been very successful—the satisfaction figures from people taking part in those courses are incredibly high.

Q165 **Chair:** We are going to come to resource management. My point was that you can have those global figures but, in the end, if a school is having to balance its books because energy bills are rising or whatever—you know that some schools have already been squeezed pretty hard—they could keep staff ratios up, but they could drop whole parts of the curriculum. Are you confident from where you are sitting that that is not happening?

Susan Acland-Hood: We run a system where we want to give reasonable autonomy to school leaders to make choices about what happens in their school. Sometimes it will be sensible for a school to drop a particular subject that they have been running or to add another one. There is something about making sure that people make sensible decisions for the right reason and not feeling like they are impoverishing their curriculum for the wrong reasons. I know you are going to come to it, but I think that point about the integrated curriculum and financial planning is really critical to that, because it is effectively a mechanism for schools to look really hard at how they can deliver a good, rich, broad and balanced curriculum with the budget they have.

Q166 **Chair:** There is a world of difference there. Sixth-form offers can be very



HOUSE OF COMMONS

tailored, because at that point—even at 16—there is a bit of consumer choice. Pupils are quite savvy about choosing those subjects. However, if you are a parent putting an 11-year-old into secondary school, you might not ask whether they will get the choice in year 9 or 10 to do geography or history or whether both are on offer. Those are not necessarily questions that parents think of at that point. Let me press again: are you confident that we are not seeing a reduction in choice for young people, particularly in certain parts of the country—a regional disparity might also open up here—that will limit their life chances and career opportunities?

Susan Acland-Hood: Yes, I am reasonably confident. As I have said a couple of times through this hearing, it is hard to speak about the situation with every school in the system, but the indications we have on taught time and teacher supply, and what we have seen on ratios, do not suggest that there has been any significant impoverishment of the system. We can see that schools are able to deliver good, broad, marked curricula. The other point that was made in the NAO Report is that over this period, school standards have held up well based on Ofsted reports, and Ofsted looks hard at—

Chair: I would be careful on school standards. I know that Ofsted has been doing inspections of outstanding schools, but let us not forget that, although it was an outlier, we found an “outstanding” school that had not been inspected in 11 years. I do not think we should overclaim on outstanding schools. Talking of outstanding schools, Mr Bailey has rather a lot in his patch that are not outstanding. Over to you, Mr Bailey, on some of the issues around resources.

Q167 **Shaun Bailey:** The Chair has covered this quite considerably, but as I said at the start, 39% of schools in my patch are ranked as requiring improvement or not meeting standards. You talked about the impact of per-pupil funding, but as the NAO points out, in the most deprived areas, there has been 1.2% real-terms decrease in per-pupil funding. Surely, Ms Acland-Hood, that has an impact. What is your assessment of the impact on our most deprived schools?

Susan Acland-Hood: As I say, where there have been changes in funding, they have reflected changes in deprivation, and they are part of trying to make sure that funding is following need as it changes across the country. We are trying to make sure that funding follows deprived pupils and that it is fairly distributed across the country.

Q168 **Shaun Bailey:** Okay. What does a fair distribution look like to you? Can you describe it? You have said that a few times during the sitting, but I am really keen to understand for my constituents, particularly for those in wards that have the highest levels of child deprivation in the West Midlands. What does fair look like to you? What would you say to a constituent of mine from Princes End in Tipton, for example, which I think has the highest level of child deprivation in the West Midlands, if they were sat here right now? How would you describe fairness to them?



HOUSE OF COMMONS

Susan Acland-Hood: Fairness is about trying to make sure that the funding follows need and that, where you have more children who come from deprived backgrounds, you get more funding to reflect that.

Q169 **Shaun Bailey:** That is not borne out in the data, though, is it?

Susan Acland-Hood: Sorry, I know this is slightly complicated, but again, the reason why more deprived areas overall have seen what looks like a reduction in their funding—although, again, in real terms it has gone up everywhere—is that their relative level of deprivation has come down. Tower Hamlets is still very deprived, but it is not as deprived as it used to be, while Blackpool, for example, is very deprived, but a bit more deprived than it used to be. You can have two places, one of which is more deprived than the other. Over time, since the last change in the funding formula, one has got a bit less deprived and the other a bit more deprived. One is still more deprived than the other one—

Shaun Bailey: I can appreciate that—

Susan Acland-Hood: The funding in one has gone down; the funding in the other has gone up. That is still correctly and fairly reflecting what is happening in those areas. That is what has happened.

Q170 **Shaun Bailey:** I am sorry; I can understand that from a statistics point of view, but if you said to a constituent of mine or of the Chair, “You are slightly less deprived than you were 10 years ago,” they would look at you and laugh you out of the room, wouldn’t they? I am sorry, but when parents cannot even afford to get three meals a day into their kids, that will just not cut it.

Susan Acland-Hood: It does not change the funding that goes to an individual deprived child. The change in deprivation is about the number of those children in an area. The proportion of funding linked to deprivation has gone up, not down, so the proportion of funding that the individual child gets is, if anything, a little higher than it used to be compared with other, less deprived children. It is really important that the system reflects changes in deprivation, because otherwise it becomes an unfair system over time, and you get to the point that we had before the introduction of the national fair funding formula.

You cannot say that a child in equivalent circumstances in different parts of the UK will attract similar levels of funding based on their need. If you stick with historic deprivation rather than following current trend, you end up with an unfair system in which we do not reflect the reality of what is happening. I appreciate that that is very difficult for people in areas where they are seeing changes, but it is a fundamental feature of a system where you follow actual levels of deprivation.

Q171 **Chair:** Mr Bailey has highlighted the deprivation in his constituency. We could all highlight examples. The fact that you have a lot of pupils who are deprived, and even if the overall averages have gone up because a few people have done well, that makes it a very challenging environment for those pupils.



Susan Acland-Hood: Yes.

Chair: It is not as though you have one more or less deprived child in a school; those children come from and face a wealth of poverty and challenges.

Q172 **Shaun Bailey:** If I may dovetail with that, let me give you an example of what that looks like, Ms Acland-Hood. The national average of A-levels from A to C is 15%; in my constituency, it is 5%. The average of what was an A* to C pass in GCSEs is 48%; in my constituency, it is 40%. I was quite impressed by what you said at the start of the session about outcomes on the ground, but you must see that what you have just said does not necessarily translate through to what you said earlier.

You made a very big point at the start about outcomes being a very big policy. You can appreciate my frustration that that sounds perhaps a little Whitehall-esque. When we try to translate that to our constituents, it just does not feed through. The NAO analysis is quite clear: there has been a 1.2% decrease in the most deprived areas. For my constituents, whose educational outcomes are below the national average, it clearly is not working.

Susan Acland-Hood: We have kept deprivation funding high in the system. The proportion of funding that is going through the national funding formula and is linked to deprivation has gone up, not down, but there are some areas that, although they are very deprived, are not quite as deprived as they were. I completely appreciate how that sounds to your constituents, but the alternative would be a system in which we simply fund people for the levels of deprivation that they used to have, forever. That cannot be right.

The point you make about outcomes is really important, however. The critical thing here is that we are funding in a way that we know can deliver quality outcomes for those children. For that reason, we want to work really hard both to make sure that we keep a high proportion of funding in the system going to deprivation and to work with schools on how they use that funding to get the best possible outcomes for their children. We do things such as looking at how similar schools spend their money and making sure that people can work really well with the funding that they have to deliver the best possible outcomes. We see areas with similar levels of deprivation but with very different outcomes for their children based on similar levels of resource. That means that, as well as making sure that we continue to point the resource at the most deprived children, it is also really important that we continue to work on improving the quality of schools, working with local authorities, multi-academy trusts and others to try to make sure that the money is spent in a way that gives the best possible outcomes for children.

I do not think that is inconsistent. I do appreciate and understand your "Whitehall-esque" point, but I think that sometimes we have to make sure that we are really holding to the principle that funding should follow the need of the child.



HOUSE OF COMMONS

Q173 **Shaun Bailey:** Okay. I get the principle, and I understand it. I will close by saying that if you would like to come to the Black Country at some point and meet some of the students I am talking about—

Susan Acland-Hood: I would love to come to the Black Country.

Shaun Bailey: I would be very happy for you to come; I could introduce you to the students and teachers.

Susan Acland-Hood: Let's do it.

Shaun Bailey: Let us get that sorted. Back to you, Chair.

Q174 **Chair:** Mr Bailey has a merry-go-round of Government Departments coming en masse—I think you are in a queue. But we always love it when senior civil servants go and see what is happening at the frontline.

Susan Acland-Hood: I do a visit a week.

Q175 **Chair:** That is good to hear. Thanks for that.

I want to go back to the issue about the breadth of the curriculum—I was trying to find the reference when I was talking to you. We asked Ofsted to do some work about the impact of funding on curriculum issues. As it says in paragraph 1.35 on page 30 of the Report, "Ofsted's research found that 44% of primary headteachers and 67% of secondary headteachers reported that responses to financial pressure had led to some reductions in curriculum breadth." It is significant subjects, such as languages, music and computing in secondary schools. Computing and design technology are very much useful skills in the modern world, but you keep telling me that there has not been a big impact. You talk about the number of teaching hours staying stable, but pupil numbers have gone up. I still feel a disconnect between your Whitehall numbers and what is happening on the ground. I am going to give you another chance to try to explain why you think it is not a problem.

Susan Acland-Hood: I would say it is something that we keep a very close eye on. We are not complacent about this, and I think "not a problem" might be too strong. What I am saying is that we do not see those self-report numbers from headteachers reflected in the numbers on taught hours. Again, there are a couple of subjects where I would say there is a bit more cause for concern. If I was going to pick one—

Q176 **Chair:** Do you look at taught hours in relation to the number of pupils? Obviously, pupil numbers go up and down.

Susan Acland-Hood: Yes.

Q177 **Chair:** So it is in proportion.

Susan Acland-Hood: Yes, it is proportionate. For example, we have seen a decrease in design technology hours taught, and that is something that we will want to look into and keep an eye on. Again, to some extent, this comes back to the fact that I cannot speak for the experience in every single school in the system. We do give headteachers and others some



discretion about how they use their funding and the choices that they make. The key thing there is that we do not want teachers to have to make financially driven decisions that reduce curriculum breadth. That is one of the reasons why £4.7 billion is going into the system over the next three years. But it is also about trying to help people to make those decisions really well. I know that we will come on to it, but it keeps coming back to the point about supporting schools with good quality financial decision making—things like the integrated curriculum and financial planning work. Again, I will keep talking about it, because I think that it is really good. The satisfaction numbers from people who have gone through that are incredible—I think they are over 90%, aren't they?

Warwick Sharp: Yes.

Susan Acland-Hood: That is because it helps people to really think about how they plan these things out and how they can use their resource well to try to ensure that they are keeping that broad and balanced curriculum. Actually, as I said at the beginning—this might not be a popular viewpoint—it is really important that through the period of funding growth we continue to do that work really well with schools and to offer that support, because sometimes people make less good financial decisions when there is lots of money around than they do when there is a bit less.

Q178 **Chair:** Mr Sharp, let's touch on this. The school resource management advisers identified no savings opportunities in nearly 100 deployments. Presumably they were going into schools and talking to the school leadership on site, yes?

Warwick Sharp indicated assent.

Q179 **Chair:** Does that suggest to you that either we have got financial management in all those schools or that they have already squeezed themselves so tight that the pips are squeaking and there is nothing else to save? What is the reality?

Warwick Sharp: Sorry to cut across you, but I think you are referring to the 91 deployments that did not result in savings. This is out of 979, so it is under 10%. Our view is certainly that real value was added through the deployment. For example, you might have a situation where a school is in deficit and the SRMA went in and was a really important and critical friend to ensure that the trust and the school had a really effective plan to close that deficit. I have got examples where the whole culture around financial management and governance has improved—

Q180 **Chair:** What about where they did not find any savings opportunities? Is that because the schools had already done a good enough job on their own?

Warwick Sharp: It would essentially be because the school was already on track—

Q181 **Chair:** So you contend that some schools are on track but that a saving can be found everywhere—even if schools have had to cut teachers and curriculum—if there is a problem with the budget.



HOUSE OF COMMONS

Warwick Sharp: I think those 91 deployments show that there are cases where an SRMA goes in and it is convinced straightaway that the school has found the efficiencies that can be found and value is still added in a different way, but in most cases we see that it is possible to identify savings and efficiencies. I am really keen to reinforce that this is not money taken out of the school; it is money reinvested within the school and within the trust for the activities that make the biggest difference to pupil outcomes.

Q182 **Chair:** I think most governors and headteachers would get that. It is great when that happens but, when we have looked at this before, we have been concerned that if, for example, a school has already renegotiated its energy contract—as others have highlighted today, obviously that could now be more problematic—or it already buys its stationery from a central supplier in the local area, uses your buying services or whatever, there is not much left to squeeze. As Mr Holden highlighted, some very small schools face a particular challenge even with the extra little bits of support that they can get. That is the question. Once everyone has had this support—let's imagine that you have 100% compliance, if you like, with the school resource management advisor's advice—are you convinced that there is enough money in the system to ensure that we maintain curriculum offer and provide support to the most deprived children?

Susan Acland-Hood: *indicated assent.*

Chair: You are nodding gently there, Ms Acland-Hood—isn't it your natural instinct to nod, as a permanent secretary? Mr Sharp?

Warwick Sharp: I am convinced. You referred earlier to the Ofsted report, but it is important to understand the reasons why the NAO phrased their recommendation in the way that they did. Ofsted themselves have said that it was a self-selective group that responded. It was also a very small sample.

I think the recommendation to us, which we will take forward, is that we should do a proper study with a representative sample and look at that, and we will absolutely do that. It will look in both directions because, of course, historical is important, but it also needs to look ahead, given the very large funding boosts that are coming through. I think the whole system is on an important journey to minimise—

Q183 **Chair:** Everyone who comes to this Committee is on a journey, Mr Sharp. We would like someone to get there, eventually. Okay, let's park on the journey, because I don't feel like going on a journey at this point in the afternoon. We get the point you are trying to make.

What lessons do you think have been learned from the regional pilots that took place? What are the top two or three lessons that you have taken away from this approach to helping schools manage their budgets?

Warwick Sharp: To be clear, you are talking about the buying hubs in the north-west and south-west? They were introduced because the



HOUSE OF COMMONS

feedback from schools about the frameworks that were available was that—

Chair: A clunky system.

Warwick Sharp: It was quite a difficult process at times. Its route to market is really effective but they still have to complete the procurements, so we put in place procurement specialist support. The feedback from that has been excellent—so good that we are now introducing a national service.

However, we have learned lessons from the buying hubs. For instance, we have seen that there were times when a school and trust approached their regional buying hub and the procurement was done on their behalf. The specialists said, “What do you need?” and then went off and sorted it out. Of course, the school was delighted, but this is also about building capability for the school. Some £12 billion goes through the non-staff spends, and—

Chair: That’s nationally? That would be a lot for the region.

Warwick Sharp: That is nationally, yes. The other lesson is that we think we can do more digitally. We think there is value in schools being guided through a process digitally, although there would still be people available who they could speak to.

We have learned lessons from buying hubs; we are building on them, and savings have far exceeded costs. We now think it’s time to introduce the national service for everyone.

Q184 **Chair:** Will that continue to be funded through the ESFA?

Warwick Sharp: The ESFA oversees the whole of the school resource management portfolio. It doesn’t actually directly run the buying hubs, nor will it run the future national service.

Q185 **Chair:** Is it taken from the contracts that the schools are getting? Is the funding taken out of the savings?

Warwick Sharp: The savings stay with the schools.

Susan Acland-Hood: Yes, it’s funded by the Department.

Chair: It’s funded by the Department. That’s fine. Sorry, I wasn’t very clear with my question.

Warwick Sharp: We cover the costs, but the savings stay with the schools, yes.

Q186 **Chair:** Touching briefly on the teaching vacancy service and how that’s going, are people actually using it?

Susan Acland-Hood: Yes, we’ve got about 80% of schools using the teacher vacancy service. Again, there has been some really good feedback, including one school that advertised so many vacancies through



HOUSE OF COMMONS

the teacher vacancy service—rather than in other places—that they saved enough money to recruit an entire additional teacher, which is encouraging.

Chair: Okay. We will leave that there for now. I am aware of the time. Unless any other colleagues have any last questions, thank you very much indeed for your time today.

Thanks to our colleagues at *Hansard*, we will have an uncorrected transcript of this session available on the website in the next couple of days. We expect to publish our report on school funding in the new year—in the first three months of 2022, but possibly before the end of March. Sorry, I couldn't resist that one! Thank you very much.