

Public Accounts Committee

Oral evidence: Academies Sector Annual Report and Accounts 2019-20, HC 994

Monday 24 January 2022

Ordered by the House of Commons to be published on 24 January 2022.

[Watch the meeting](#)

Members present: Dame Meg Hillier (Chair); Shaun Bailey; Dan Carden; Sir Geoffrey Clifton-Brown; Mr Richard Holden; Craig Mackinlay; James Wild.

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

Questions 1-119

Witnesses

I: Susan Acland-Hood, Permanent Secretary, Department for Education; John Edwards, Interim Chief Executive, Education and Skills Funding Agency; Warwick Sharp, Director of Academies and Maintained Schools Group, Education and Skills Funding Agency.



Examination of Witnesses

Witnesses: Susan Acland-Hood, John Edwards and Warwick Sharp.

Q1 Chair: Welcome to the Public Accounts Committee on Monday 24 January 2022, where we are looking at the academies sector annual report and accounts for 2019-20, often described as the SARA in shorthand. This consolidates all the accounts for academies and trusts up and down the country, which account for over half of pupils now educated in the state system. Each year, the Department pulls these together into one set of accounts, which feed into the Department's own accounts. We have investigated these accounts three times already and raised concerns in the past about transparency, the accountability of schools, and issues of governance of academy trusts, which we will no doubt touch on today and delve into the details. These accounts do not completely reflect Covid, but that has a slight impact on them as well.

In front of us, we have our three witness. I am delighted to welcome back Susan Acland-Hood, the Permanent Secretary at the Department for Education and the accounting officer responsible overall for these accounts; John Edwards, the chief executive of the Education and Skills Funding Agency, which is the next step in the chain towards the academies' accounts; and Warwick Sharp, the director of academies and maintained schools at the Education and Skills Funding Agency. We will try not to use acronyms, but ESFA is often what the Education and Skills Funding Agency is described as.

Before we go into the main event, can I ask Ms Acland-Hood what the update is on the special educational needs and disability review, also known as the SEND review?

Susan Acland-Hood: As I said last time, we are continuing to work on the SEND review and expect to publish it in the first quarter of this year.

Q2 Chair: We have two months to go, so are you confident?

Susan Acland-Hood: Yes.

Chair: You were confident last year, when you said it was the end of June. On a scale of 1 to 10, how confident are you this time? We are trying to pin down the Civil Service response here.

Susan Acland-Hood: I am confident. There is a lot of work that has gone on. The other thing that I am proud of is that the team has started to work very closely with others in the sector, so we are not doing this in a closed way. We have had some really good feedback. Christine Lenehan from the Council for Disabled Children recently wrote in its digest—

Chair: You do not need to quote other people, but you are working with other sectors.

Susan Acland-Hood: She says she is feeling more optimistic.

Q3 Chair: That was my next question. If it is coming very soon, how much



HOUSE OF COMMONS

of a surprise is it going to be to people on the ground—headteachers, parents and others—who will be having to implement it?

Susan Acland-Hood: If we produced a Green Paper now that was perfectly green—in other words, that was just a list of questions—that really would not justify the time that has been spent and the amount of work that has been done, so it will be a set of propositions for consultation rather than a set of questions. There may be some things in there that people will want to have a look at as it is published, but, as I say, we are starting to work really closely with the sector, with parents' groups and with groups of headteachers and their representatives.

Q4 **Chair:** You are in listening mode, but when it is published you will still be in listening mode.

Susan Acland-Hood: Yes.

Chair: We like to take positives where we can, even on this Committee.

Q5 **Sir Geoffrey Clifton-Brown:** Good afternoon, Ms Acland-Hood. The Government are spending quite a bit of money on advertising for the tutoring catch-up programme at the moment. Can you tell us how that is going and what the take-up is?

Susan Acland-Hood: We published figures recently that look at the number of tutoring sessions delivered since September. If you set that in the context that we set a target that we met for delivering about 300,000 sessions over the whole of the course of last year, we have now delivered more than that in the first term of this year. That is made up of about 230,000 starts through the school-led tutoring element, about 52,000 starts through the tuition partners element, and about 20,000 starts through the academic mentor strand.

Q6 **Sir Geoffrey Clifton-Brown:** It is all very well having the quantitative data, but what about the quality of these programmes and the benefit to the individual pupils?

Susan Acland-Hood: We are evaluating the programme and will have the full evaluation of the first year by this summer, but they are based on really good-quality evidence from the Education Endowment Fund and others, which demonstrates that children who take part in small group tutoring of this kind can make two to three months of academic progress as a result of a block of 12 tutoring sessions. The way that we have constructed the programme uses that evidence base in the way it shapes what we ask schools to do, and that is true of the school-led part of the programme as well as the other two strands.

Q7 **Mr Holden:** Colleges bid for funding in the middle of last year, including Derwentside College in my constituency, for extra capacity for classrooms. I am just wondering when they will find out whether they will get the funding, and if that is during the next few weeks or months.



HOUSE OF COMMONS

Susan Acland-Hood: I might have to write to you about that. I am sorry but I do not have the date in my head, unless either John or Warwick does.

Mr Holden: Will it be before summer?

Susan Acland-Hood: I would expect, but let me just double-check. I am sorry but I just do not happen to have that date on me.

Q8 **Chair:** Moving into the main discussion, which is about the sector annual report and accounts, I notice we now have over half of pupils educated in academies. In your Permanent Secretary's overview in the accounts, you talk about the disrupted plans to convert maintained schools into academies, but we had 63 new free schools opening in 2019-20. Why is it that free schools were opened? Were they planned conversions that were delayed? If so, why is there a difference?

Susan Acland-Hood: It was less delay to planned conversions and more that, frankly, people across the sector were focusing on other things over this period. Whereas free schools have a programme with a pipeline that leads towards to an opening date, which we hold to as hard as we can—

Q9 **Chair:** It is because they were brand new rather than converting. That was the difference. That is perfectly reasonable. There is a mission to have every pupil educated at an academy. Is that still a realistic target by the Government? What are you going to do about the schools that really do not want to become academies?

Susan Acland-Hood: Yes, it is still the aim of the Government to have every pupil educated not just in an academy but in a really good-quality family of schools. Through the pandemic, we saw some of the real benefits that came for schools that were in good multi-academy trusts, which could support them as they went through difficult times, as well as the benefits we have seen such as the improvement in standards in sponsored academies, which were previously schools in difficulty.

Q10 **Chair:** It is interesting that you highlight the family of schools there. In my borough, when we talk about the family of schools, that includes academies and non-academies working as a family in a geographical area. You particularly focused on multi-academy trusts, also known as MATs. From what you are saying, are you suggesting that the Department thinks that MATs are a better family than a local authority family of schools?

Susan Acland-Hood: There are certainly some benefits to having families of schools where, if there are challenges or difficulties, schools do not belong to them as of right, so there is some contestability in the system. That is the distinction that I would make. There are some extremely good local authority families of schools that perform very well indeed, but as a structural system, there is a benefit in a system that says, if there is a challenge, there is a process for moving to a different family that can help the school make progress.



HOUSE OF COMMONS

Q11 **Chair:** There is lots to be discussed there. One of the things that we have raised in the past is the size of multi-academy trusts. We are seeing some grow quite large. We have seen some with a very big geographical spread. Have you done any further work to assess the ideal size for a multi-academy trust?

Susan Acland-Hood: Yes, we do look at that. Size is not the only factor, and there is no slide-rule equation that gives you the answer to that question. There is a set of activities where you get some scale benefits. There are some things that you can do more readily and more efficiently if you are running a larger group of schools. You might be able to employ specialists to help you do particular things. There are other things that become more challenging as you get larger, so it is difficult to keep a focus on all the schools. I am going to turn to Mr Sharp, who has been doing some of the work on this.

Chair: What is your take on this at the ESFA, Mr Sharp?

Warwick Sharp: Size definitely has advantages in terms of resource sharing, scale and the functions that a trust can take forward, but size should never come at the expense of coherence, a clear geography or the general ability to run high-performing schools, good educational outcomes and financial management. There is not one size that fits all; there is a range. We want to see fewer single-academy trusts and more trusts and families of schools in the way that the Permanent Secretary described. We are always looking across the system, performance-managing different trusts and doing more and more work to look at the impact that size has. You will always have a diverse system with a range of sizes.

Q12 **Chair:** Have you done any correlation between the size of an academy and the educational attainment?

Warwick Sharp: There is not a strong relationship. We have done that kind of analysis and we are looking at it all the time. There is a big range in the system. At the moment, the biggest trust has 76 schools. There are a number of single-academy trusts. There is not a very clear correlation with size. What we see is that multi-academy trusts contribute to the system in a range of ways that single-academy trusts cannot, such as in system generosity and teacher training. We want to see fewer single-academy trusts and more strong families. What matters most is that they are strong trusts. Size is a factor, but so is a range of other factors.

Q13 **Chair:** I am fascinated that the word “family” of schools is coming in. As I say, in my area, this has been used for a long time. There have been academies in my area since the 1990s, so there is nothing particularly new in that sense. It has always been the case that, in any geographical area—and you have regional schools commissioners, so you always have that geographical handle, even on academies and free schools, from the Department, let alone what might be happening in local authorities—



HOUSE OF COMMONS

schools help each other out. A head will be seconded somewhere if a school has a problem, regardless of the ownership or structure of that school. What is it that makes academy trusts so particularly different in that respect? Is there anything at all that makes them particularly different, other than that they are all owned by the same trust?

Susan Acland-Hood: There are some things that, as you say, lots of schools in different kinds of relationships with each other can do to help out across boundaries, but there are some things that are much easier and fleeter to do if schools are in a common trust together. Yes, you do see schools sharing staff under difficult circumstances, but across academy trusts you see a much more fluid set of relationships. It does not have to take someone being in extremis for them to look at their staffing across the boundary. You see shared curriculum planning in a way that is much rarer among schools that are not in a trust together. It is true that you can accrue some of the benefits in other ways, but they are structured into the trust.

One of the reasons for talking about families of schools is less about the distinction between academy trusts and other types of families, and more to say that, in the past, there was a very strong drive towards academisation, as in becoming an academy—whether a single academy or a multi-academy trust. We are talking more about families of schools, partly because we are keen to see more schools in multi-academy trusts. We see some single-academy trusts that can be a bit fragile. We also see some that are exceedingly strong, but even where they are strong we would really like them to be contributing to the rest of the system by being part of a multi-academy trust. It is that distinction that we are making when we talk about families of schools.

Q14 **Chair:** One of the reasons why the policy was introduced originally—and it has morphed a bit over time—was that there would be a choice, but there are times when you have large multi-academy trusts that run all the schools in an area. If something is good with that, that is fine, like with a good local authority. If something is not good with it, that can be a problem for parents in that area. We will touch on accountability later. What do you do to make sure that, when you are looking at large multi-academy trusts with problems, you are on top of that and making sure that parents and pupils get the support that they need?

Susan Acland-Hood: This is one of the things that regional schools commissioners will look at. As you said, it is part of their role to think about the planning and provision in their area, so we would try to avoid circumstances where there was no choice or only one chain running everything.

Warwick Sharp: Just to add to what the Permanent Secretary said, we look at growth decisions very carefully. Particularly regional schools commissioners and their teams will look hard at proposals by trusts to grow, and what you say is definitely a factor. The RSCs and their teams will look at the extent to which growth might lead to a monopoly on



HOUSE OF COMMONS

provision in an area. That is a factor, and we do want there to be choice for parents, including between academy trusts.

Q15 Chair: There are lots of issues around choice and governance, which we will come to a bit later on. I just want to touch on some other issues in terms of the size of trusts. Do you have a view about how far the geographical spread should be allowed to go? In the past, we have seen some very odd geographical matching. We remember the Whitehaven Academy linked to one in Cornwall. In terms of sharing, I am not sure what sharing of teaching you could do with that sort of geography. Do you have a position now on geographical spread?

Warwick Sharp: It is always on a case-by-case basis. Geography is different everywhere and there are different needs of different schools. There is definitely a weighting towards geography. We would much rather see a local trust take on a school that needs a sponsor, and that is a big factor in the decision-making. You also see trusts where there is a wider geographic spread, and some perform very highly, including some of the larger, national trusts that sometimes have 50 to 60 academies—76 in the largest case—with a very wide geography. They have found a way to do that at scale, including where they have schools that are geographically further away from other schools. It is possible, but we definitely weight geography highly when we look at growth discussions and trust expansion.

Q16 Chair: That was a longwinded answer. We will touch on it a bit more when we come to accountability, but you are saying that you have no particular weight towards geography—being close to another school? Would you proactively pursue a trust to take over a school from another, quite distant geographical area? Would you proactively seek to do that, if a school had a problem?

Warwick Sharp: We would certainly look first at trusts that are nearby, within a reasonable travelling distance, but you sometimes get schools that have particular needs and would benefit from trusts with particular experiences. It is not the only factor but it is a very important one.

Susan Acland-Hood: I was going to say exactly that. The way to look at it is that, if you were going to do something that did not sit in an obviously coherent geography, you would want a strong rationale and a really good other reason why you were doing that thing, which might be about the specialism of the school. We have some areas where we know we have challenges in school performance and also limited numbers of good-quality trusts. The other thing that we sometimes look at is whether you can start a new geographical cluster that you are going to be able to build out over time.

Q17 Chair: We are going to get into some of this a bit later. I just wanted to pick up on the issue that we have raised before about orphan schools, particularly as it relates to small primaries. If you have a trust and it does not want to expand or, for lots of reasons, it might not be good for it to



HOUSE OF COMMONS

expand, you can end up with orphan schools. What is the current plan for dealing with those schools that no trust wants to take on, for whatever reason, that are then not in any grouping in their geographical area?

Susan Acland-Hood: Again, that is something that we continue to work on through regional schools commissioners, with the schools and the trusts in their area.

Q18 **Chair:** If you have a school that is not in the big academy trust in an area, because it does not want to take it on, perhaps because of financial or performance reasons, you are working on it. What does that mean in reality? Does that school just stay on its own, outside the family that you are talking about?

Susan Acland-Hood: The reality is that the circumstances tend to be different in each case, so it is, to some extent, a case of the regional schools commissioners working with the schools and trusts to address whatever the causes of that orphaning in that particular place are.

Q19 **Chair:** Would that be sweetened with money, if money was the issue?

Susan Acland-Hood: I would not describe it as sweetening. If there is a structural problem or a deep, underlying reason why it is difficult, the RSC will seek to see if they can address that in a reasonable way.

Q20 **Sir Geoffrey Clifton-Brown:** We are seeing an increasing trend of primary schools now becoming multi-academy trusts. Do you have a view as to whether they should be purely primary multi-academy trusts or whether it is satisfactory to have a multi-academy trust that is mixed primary and secondary?

Susan Acland-Hood: We do not have a house view that says either that it has to be all primary or that we prefer a primary/secondary, all-through model. Any trust that is taking on a primary school, though, needs to be able to demonstrate that it understands the effective running of primary schools, which I appreciate sounds a bit glib, but there is something about a secondary trust not assuming that it can run primary schools because it can run secondary schools. They are different and require different things.

We have seen successful all-through trusts that make a virtue of their ability to link together primary and secondary, and we have also seen some successful trusts that focus on and specialise in running primary schools really well. Either model can work, but it does not happen by accident. It is about the trust having a really clear view of what kind of trust it wants to be and how it is going to deliver on the vision that it has of the bit of system that it wants to run.

Q21 **Sir Geoffrey Clifton-Brown:** In a constituency like mine in the Cotswolds, where you have a large number of quite small rural primary schools, how are you setting about to try to encourage them to go down this route? They have been with the local authority since the year dot and



might be very reticent about wanting to go into this new model.

Susan Acland-Hood: As ever, it is partly about letting people see others' experience. We survey heads who have gone into trust arrangements and we regularly get good-quality feedback from them about it being a positive experience, so we try to share a bit of that. You have to think about primary schools as primary schools and different from the secondary system. It is a bit of a caricature but it is true to some extent that there was a period when we were thinking academisation, and it was a relatively secondary-orientated and focused programme. We are consciously thinking much harder about the primary aspects of that now, which is important.

There are also some quite specific things, like working with the Churches, which have a particularly strong role in the primary sector. For example, those schools that have and want to continue to have a faith ethos and to be part of a faith family can express that through a trust that has that character as well. We are working on that with faith bodies as well.

Q22 Sir Geoffrey Clifton-Brown: Given that the individual per-pupil funding is not publicised within a multi-academy trust, how can we be sure that all pupils—both primary and secondary—are receiving their minimum per-pupil funding?

Susan Acland-Hood: You can look on the financial benchmarking and other websites and look at the amount that is being spent per school, per pupil. The transparency is there and you can see that. We view the ability to pool funding—the General Annual Grant pooling that trusts can do, which is the base reason why you cannot absolutely guarantee that every school will be getting exactly the same amount—as a feature, not a bug of the system. It allows academies to do some of those things that help them to improve education for the pupils in their schools.

Through these various tools, we try to make sure that people can see what is coming to the children in their school and can understand what they get out of the academy arrangement. Warwick, you have worked on GAG pooling for a long time. Do you want to talk about this?

Warwick Sharp: I agree with what the Permanent Secretary said. Parliament voted for an arrangement where the legally accountable body is the academy trust. We can guarantee that the legally accountable body receives the full income, including through all the arrangements of the NFF. The trusts and its senior leaders and trustees have a duty to every single pupil, which they take incredibly seriously. They look to maximise the outcomes of every single pupil.

Chair: That is not quite the answer to Sir Geoffrey's question. Do you want to try again, Sir Geoffrey?

Q23 Sir Geoffrey Clifton-Brown: What I am really getting at is whether the system should be more transparent, so that the parents of pupils in every school can see what per-pupil funding that academy is giving them.



HOUSE OF COMMONS

Susan Acland-Hood: The schools financial benchmarking website lets you see, for academy schools, on a per-pupil basis, what is being spent and how. That gives people quite a good window into the picture of what is coming through.

Warwick Sharp: I was going to make the same point. I would argue that what a parent really wants to see is the expenditure and what is spent per pupil in an academy, and you can absolutely see that. Each year, for the accounts return, we ask trusts to break down, by each academy, per pupil, in a number of ways, the exact expenditure by a range of cost categories. If you are a parent, you can go on the benchmarking website, which is very accessible, and see exactly what is spent per pupil in the academy where your child goes. That is a really high level of transparency, and quite a lot higher, in lots of ways, than in the maintained sector.

Q24 **Sir Geoffrey Clifton-Brown:** Just going back to your answer, Ms Acland-Hood, which I agree with, there may be a very good reason why an individual trust or school might want, if, for example, it has just taken in a school that had been in special measures, to weight the funding towards that school. How is that explained to parents?

Susan Acland-Hood: The benchmarking website lets you see the figures for each school. Many trusts will actively explain to parents, "This is how we are planning and thinking about our budget." They will talk about it. I have a quote from a trust here, saying, "We pool and are strong advocates, especially in how it allows us to remove some of the risks around very small schools and support them in raising outcomes which would have a financial barrier in front of them otherwise".

Again, a piece of this is about the trust being able to justify to parents the choices that it is making and having that direct dialogue with them. To me, the schools financial benchmarking website is important but, to some extent, it is a backstop for where the trust is not getting that across to people, or where parents want to check the information that they are getting or to be able to go behind it.

This may not be helpful, Chair, but we have talked about the schools financial benchmarking website a few times in these hearings. If it would be helpful to Members of the Committee, outside a hearing of this kind, we would happily do a demonstration or take Members through it and show what it can do and show.

Chair: We are always happy to consider learning more about money and schools.

Sir Geoffrey Clifton-Brown: It is a very good idea. That is helpful.

Q25 **Shaun Bailey:** I am looking at the SARA and am curious as to how the geography has been drawn in terms of some of these regional areas. I notice that, for example, Lancashire and West Yorkshire have been put together, and certainly the geographic definition of the West Midlands is



HOUSE OF COMMONS

certainly one that I have never seen before, so I would just be curious to understand—

Chair: I warn you that you are on tricky territory if you start talking about the Black Country. You had better make sure you have maps in front of you.

Shaun Bailey: Absolutely. I am just curious, Permanent Secretary, as to how that has been pulled together.

Chair: Do you want to just refer to the page?

Shaun Bailey: Yes, it is page 13 of the SARA report.

Susan Acland-Hood: These are the regions that the regional schools commissioners operate across, and that we use for working with academies across the country. I recognise that these are not regions that quite map on to other regions that are used. As it happens, this is one of the things that we are looking at as part of some work we are doing in the Department on our own future organisation, because there is a case for us having another look at whether we should line our regions up a bit more. The reason that they are as they are is that this is how we work through the regional schools commissioners. That is the geography that those in the system, as part of it, would recognise.

Q26 **Mr Holden:** Picking up from both Mr Bailey and Sir Geoffrey, on multi-academy trusts, you mentioned religious schools. In my constituency, I have definitely seen a lot of my church schools going over already. Are you concerned that this might leave behind some of the non-church primary schools in terms of the move to academisation?

Susan Acland-Hood: It is definitely something we need to think about. One of the things that we will be looking at as part of the schools White Paper is whether we should be looking at other options for other groups of schools that might want to take up this opportunity but also to hold on to some of the relationships that they already have.

Q27 **Mr Holden:** In a similar vein, I am concerned about small, rural, non-church primary schools being left behind. Another issue that we are facing is that some of the bigger academies are looking to take on primaries as they move towards that as well, and that is the obvious route that most primaries are seeing. You mentioned the concern that you have of primaries being taken over by some of these MATs. How much vetting is done of these larger MATs when they are doing that—or is it very much left to the governing bodies of the individual schools that are looking to academise?

Susan Acland-Hood: The RSC would always work with both the school and the MAT, and look at that, so it is not entirely left. To some extent, if everybody is willing and enthusiastic, it would take a significant concern to drive against that. It can work well for primary schools to join MATs that have started life as secondary MATs, but the criterion is that the secondary MAT has a view about and an understanding of how it is going



HOUSE OF COMMONS

to run primary schools well, which is not just about assuming that they exist simply as feeders or that they are just like a secondary school but smaller. The test that you would apply is whether they can demonstrate that they have a really clear understanding of and vision for how they want to run the primary part of their MAP.

Q28 Mr Holden: Picking up on Mr Bailey's point about this regional difference, there is also an urban/rural difference. I have the Advanced Learning Partnership in my constituency, which is run very well by Linda Davies. It covers more than just my patch. Running an urban secondary school is very different to running rural primary schools. How much extra support—and I am not worried about ALP—are academy trusts given, especially since we have seen such massive secondary academisation, to look at this?

One of the issues that people like me are facing, and those in my constituency, is that they are looking at sometimes very small, tiny, 10 to 20-pupil rural primary schools that are at the heart of those communities. How much support are they getting in order to ensure those schools are supported to maintain their existence, rather than perhaps being agglomerated, which is, I think, a fear that a lot of my rural communities have if they take this next step?

Susan Acland-Hood: We try to offer good support to both schools and MATs across the system, including as they think about these issues. When we talk to schools about the experience of moving into multi-academy trusts, they are overwhelmingly positive about it. People certainly fear a loss of school identity or a homogenisation, but that is not, in general, what they experience when they go through it. The joining of a MAT does not detach a school from its local area or reduce its ability to reflect local need.

Indeed, in the case of quite small rural primary schools, it can sometimes do some of the things that schools found really difficult to do. With things like staff pooling, you have to address challenges of distance, but those are things that are really difficult for small, isolated schools to manage, if they are not part of something a bit broader. Access to specialist support that you could not justify employing as a single school becomes much easier as part of a collective. The key thing for me would be that the MAT can demonstrate an understanding of the things they need to do in order to run a school with those characteristics. While I have spoken about it in the context of primary as opposed to secondary schools, it will be equally true of urban/rural or small/large.

Q29 Mr Holden: An issue that has been raised by one of my local MAT leaders is the funding, particularly when taking on failing or very difficult secondary schools or new primary schools, because they provide these quite different additional challenges in different areas. Are we going to see the new White Paper address some of those concerns that are being brought to me and to other Members of this Committee by MATs at the moment?



HOUSE OF COMMONS

Susan Acland-Hood: You will certainly see more support in the White Paper for continuing to make progress on academisation and moving schools into really high-performing MATs. We always have to balance using money to solve the problem and making sure that we get really good value for money for the taxpayer, and that we are not treating schools in an unjustifiably different way because of the structures that they choose to adopt. It is about trying to balance those things.

Mr Holden: That is the point that Sir Geoffrey was making. These schools—those that are there at the moment and have not been academised—are going to need extra support. They do not want to see funding drained away from well-performing schools in order to do that. If that support is going to be there, that is good to here.

Chair: As you can gather, we are still concerned about orphans in the broad sense here.

Susan Acland-Hood: I recognise that.

Q30 **Shaun Bailey:** If I may take you back to the redrawing of the map, if you were to review the regions, is it possible that we could end up with more regional commissioners as a result? Will there be more oversight?

Susan Acland-Hood: For quite a lot of purposes, the Government use nine regions. Ofsted also uses nine regions. At the moment we use eight, so there is certainly one possible world in which we say, "Shall we use the same nine regions as everybody else?", in which case we would go from eight to nine.

Chair: It would go coterminous in that way. Where would that change be noticeable, for those of us who are not au fait with every Ofsted region off the top of our heads?

Susan Acland-Hood: Some of them are rather limited changes. The most significant thing is that we have divided London into three bits and handed it out to three other regions to have a chunk of each.

Chair: So London would become London again.

Susan Acland-Hood: If we made that change, that would be the implication.

Chair: That is something that will make a lot of sense to me as a London MP. It does seem very odd.

Susan Acland-Hood: You can see why it is under consideration.

Chair: "Under consideration", meaning that it could happen in the next year?

Susan Acland-Hood: It is something we are looking at.

Chair: We will press the Minister, then.

Q31 **Shaun Bailey:** Looking at figure 1(a) on page 12 of the SARA report, we



have the heat map. What is your determination of the variances between uptake of academisation in different regions? For example, in the Lancashire/West Yorkshire region, I notice that 29% of schools are academies, whereas the South West is at 56%. What are your findings from the Department as to what those variances are? Are you trying to plug those gaps?

Susan Acland-Hood: I might draw on Mr Sharp at this point.

Warwick Sharp: If you look at the start of the academies programme, some differences came through then, because many of the conversions were voluntary. You also saw some differences emerge, with numbers quicker in London and the South East. We have seen a change in that trajectory as the programme has grown. As primaries became eligible and as more sponsored academies have come through, you see some significant variation. The main thing is that we are now working across the country to build the capacity of trusts in every area. As the Permanent Secretary has said, we want to see all schools become academies, which we will say more about in the White Paper.

Q32 **Shaun Bailey:** Just so that I am clear, is that variance caused by any hesitation, perhaps, in specific regions, areas or communities to academisation? Are you finding any hesitancy there on a regional basis perhaps?

Warwick Sharp: We are not seeing a strong link with hesitancy, which there is in parts of the system. There are still some areas where we need to work even harder with local partners to make the case. We will say more about all of that in the White Paper. There are no particular regional drivers here, although there is clearly more to do in some areas than others in order to drive up the numbers.

Susan Acland-Hood: There were, of course, different local authority policies in respect of academisation early on, which drove some early differences. If you split the map into primary and secondary, you would also see a slightly different picture. We see much higher, and somewhat more uniform, levels of secondary academisation—it comes back to this point about primary/secondary—and a bit more of a variable picture on primary.

Q33 **Chair:** Is it not partly because it is just so expensive for primaries? For small primary schools, I could never understand the financial modelling that would make it sensible for them to academise, let alone whatever else people might think.

Susan Acland-Hood: The level of primary academisation in the South West, for example, is now really quite high, so there is also something about whether this is a thing we do around here.

John Edwards: I was previously one of the regional schools commissioners covering the East Midlands and Humber patch. Prior to that, I worked in local government. Through those different roles that I



have had, I saw that the momentum that built up in certain areas, as well as the policy approach that was taken by local government, could be a significant factor in changing both the starting point—the level of academisation early in the process—and the prevalence of multi-academy trusts that were able to then grow and form the basis for further schools joining. We have a range of factors that go back into both local policy and the development of strong trusts locally, which has changed the proportions of academisation in different areas.

Q34 Shaun Bailey: That is really helpful. Are you confident that, particularly from the local policy standpoint, you now have that buy-in that perhaps was not there initially?

Susan Acland-Hood: It has moved a lot. There are still relationships that we continue to want to strengthen and build.

Q35 Shaun Bailey: What would those relationships be? Could you give me an example?

Susan Acland-Hood: Relationships between regional schools commissioners and local government strengthened significantly during the pandemic, where they have worked together really powerfully.

Q36 Shaun Bailey: Are those relationships in a place that you would be comfortable with at the moment or is there still room for improvement?

Susan Acland-Hood: Yes, they are in a place I am comfortable with at the moment, but there is always room to try to strengthen and improve them still further.

Q37 Shaun Bailey: Turning also to the deficit figures—and I have lost the page, so I do apologise—while the headline is that, broadly speaking, surpluses and deficits seem to be quite positive, there is somewhat of a variance. If you take the North of England, for example, it marks an 8% deficit.

Chair: We are back to page 13 and the map. We do have pictures on this page.

Q38 Shaun Bailey: In the North of England, 8% of academy trusts have a cumulative deficit. If you go to the South East and South London, it is at 2%. How are you trying to ensure consistency across the piece? We are talking about a 6% difference. What is your measure of consistency in that regard?

Susan Acland-Hood: First, we are seeing an improving picture. It is not just that it is strong, with 95.9% of trusts in cumulative surplus or with zero balance, but that it is improving—up from 93.9% in 2018-19. That picture is close to universally improving across the regions.

The first yardstick is whether we are continuing to see good and, ideally, improving financial health across the piece. Some of this is now at the stage where we have quite small numbers of trusts in cumulative deficit, so it is about one-to-one work between the regional schools



HOUSE OF COMMONS

commissioners and the trusts in that area. If you look at some of the areas that come through here as continuing to need more support, the North of England is one that looks less strong on this analysis at the moment. We are down to the level where, when you analyse it, you are talking about a small number of particular trusts.

There are four new academy trusts in deficit in the North of England. At Scarborough UTC, financial concerns surrounding the UTC led to the provision of a funding package, which has stabilised the position and allowed for a transfer to Coast and Vale Learning Trust, which is on track to complete now.

The Durham UTC is continuing to be a priority, and the trust is working with the ESFA on options.

Cockermouth School Academy, which is a SAT in Cumbria, was very quick to provide assurances to the ESFA following its deficit balance in 2019-20. It has identified savings, having had a schools resource management adviser deployed to it, and is confident that it is going to return to surplus. It has a plan and is on a glidepath to that.

Meadowdale Academy is a SAT in Northumberland, which is moving from a four-form entry middle school to a one-form entry primary school, so it is, essentially, going through a huge change.

The shift in the North of England is about those four trusts being those that mean that there are more trusts in deficit than there were. It really is now at the level of the RSC and the ESFA working really carefully and painstakingly with those trusts that are in deficit. Over 95% of the sector is in surplus, so you are carefully working through the remainder and getting down to quite small numbers and quite individual circumstances in each case.

Q39 Shaun Bailey: Moving on to non-repayable funding and write-offs, if I could bring up the Shrewsbury Academies Trust with you, it has been reported, as part of the reporting around the situation around the Shrewsbury Academies Trust, that the amount of write-offs has doubled, from £5 million last year to £10 million in the space of a year. First, is that accurate? Secondly, what does that tell you about any potential issues down the line with the sector?

Warwick Sharp: I am certainly familiar with the case and might come back to you separately with more detail. This was a case where a significant level of financial support—far greater than normal—was required. This was, I would say, an exceptional case. There are very few examples of this kind. We get alongside a trust that is in difficulty and agree a plan to get back to a zero balance and a cumulative surplus, and back to health.

In this case, it required a substantial package. Because we want to provide the funding that is needed with a set of conditions, there are



HOUSE OF COMMONS

times when the forecasts and the predictions turn out, when compared with reality, to not quite be enough, and you go back and agree a further package. I would need to look at the exact numbers here. I am certainly familiar with the case, and there is a team that is working very hard on this to get it back to financial health.

- Q40 **Shaun Bailey:** Thinking more broadly, perhaps, and not looking at that specific case, do you have any measurement as to when there might be system- or sector-wide failure? How do you measure that? This figure of £5 million to £10 million is across the sector, but what is your threshold before the system starts to creak a bit in terms of problems coming down the line? I ask the question in the context of Covid spending and the fact that we will, hopefully, soon have accounts that might give us an indication as to what that might look like. Where do the creaks begin, if that makes sense, in terms of the sector?

Warwick Sharp: There are a couple of areas that we look at. First, there are very high standards of financial management and governance across the system. When you look at unqualified opinions on accounts, at regulatory concerns, or at a range of metrics that show the grip that trusts have over their finances, it is very strong. We look at that closely and do a lot of proactive assurance work.

- Q41 **Shaun Bailey:** Mr Sharp, if I could interrupt you there, that is really good to hear. In the Shrewsbury Academies case, it was reported that the finance committee had not raised concerns in respect of the financial situation. I know that you are talking about those financial controls, which is really positive to hear, but, to qualify that, what qualifications would I need, were I a trustee or a governor, to sit on the finance committee of an academy trust? Would I need to have financial qualifications to do that?

Warwick Sharp: I want to be clear first of all that this really is an exceptional case.

- Q42 **Shaun Bailey:** But it could happen again, which is why I am pushing on it. I am conscious that exceptional cases start as exceptional cases, but they soon roll out, so I am just keen to understand lessons learned from this.

Warwick Sharp: At executive level, the trust would have qualified professionals who have the relevant qualifications. A trust would be able to draw on people with the right expertise. At board level, it should be making sure that it has a range of expertise to draw from. We help with that with the deployment of people like academy ambassadors, who bring a certain kind of financial expertise. We work hard to make sure that governance is strong enough, and the evidence suggests that it is. You have a sector where 96% of trusts are in cumulative surplus or zero balance. We have only 4% that are in some level of difficulty. We work very closely with those. 4% is low enough that you can work intensively with the trusts that are left.



HOUSE OF COMMONS

- Q43 **Shaun Bailey:** Just to make sure I am clear, you are, broadly speaking, happy with the expertise that is there across the sector, but you are confident that you have the systems in place to work with trusts in order to ensure that that level of financial management is there.
- Warwick Sharp:** Yes.
- Q44 **Shaun Bailey:** Just to clarify in answer to my specific question, would I need to have financial qualifications to sit on the finance committee of a trust or to make financial decisions, notwithstanding the oversight that you have just talked through there?
- Warwick Sharp:** If it is okay, I will come back to you on the exact requirements for trustees, but I am confident that the trust itself will be able to draw on the relevant expertise, including qualified professionals.
- Q45 **Chair:** You say “confident”, but what Mr Bailey was asking was whether it is a requirement. Would they have to have properly financially qualified people to draw on for advice?
- Warwick Sharp:** Certainly in terms of the staff at the trust. At governance level, you need an audit committee and internal scrutiny.
- Chair:** It just sounded like you might be a bit equivocal. You were going to see what expertise they had to draw on, but there would have to be a financially qualified person somewhere in the trust.
- Warwick Sharp:** I am confident about that.
- Q46 **Shaun Bailey:** Permanent Secretary, I assume that the Department would hold information as to the make-up of individuals who were sitting on boards of trusts. I assume that the Department has that information as to the composition of academy trust boards and their make-up in terms of qualifications and skillsets. Would it extend to that or would it just be general criteria?
- Susan Acland-Hood:** We have a system into which academies feed information about the members of their trust boards and which we draw together.
- Q47 **Shaun Bailey:** Do you proactively monitor that?
- Susan Acland-Hood:** We do. It is part of a much wider framework, which goes through to the audit requirements on academies and the responsibilities that they hold, and then to instruments like the SARA and other mechanisms through which we then externally check.
- Q48 **Shaun Bailey:** If you had concerns that perhaps the composition of some of these boards was not *[Inaudible]* in a way that would benefit the overall running of a trust, what powers would you have in regard to intervening? For example, if you saw this data come through and it was flagged to you from an official, what would your response be? Would it be to come in to train or to replace people?



Susan Acland-Hood: The starting point is more likely to be through the monitoring and assessments that we make of financial performance and the data that is coming through, than to examine the composition of the trust board. It will typically be that we identify an academy where we are seeing things such as deteriorating financial performance or things that are concerning in the data, and then we or ESFA colleagues will go and take a closer look. That is the moment at which they would then look in more detail at the composition.

Shaun Bailey: Effectively, you would use that information alongside the financial concerns that you may or may not have.

Susan Acland-Hood: Yes. We tend to start from the outcomes rather than the inputs.

Q49 **Shaun Bailey:** Mr Edwards, I know that the rapid response hubs are starting to shift to a more proactive, as opposed to reactive, model of engagement. Can you talk me through how that is working in regard to engagement with trusts and ensuring that they have that level of qualification, expertise and experience?

John Edwards: The first important factor that Mr Sharp referred to earlier is that the overall regulatory framework is very clearly set out. We have the academies trust handbook, we have the funding agreements themselves, and we have the academies accounts direction, so we set up a regulatory framework that very much sets out the expectations on trust boards. Those trust boards are then responsible, first and foremost, for the activities of the trust and making sure that they have in place good, strong and sound arrangements.

The ESFA has, over time, developed a range of additional assurance and intervention mechanisms, which have significantly moved towards proactive and preventive activity. That includes very detailed analysis of budget forecasts and helps us to identify and work with trusts, as we are able to analyse their information, making sure that we are working with them in advance of issues emerging.

We have also developed a range of mechanisms to ensure that they are very clear on arrangements on key reporting factors and key decisions that they make on significant individual expenditure, and that they have, for example, good schemes of delegation, strong internal scrutiny and a range of other arrangements in place. We have continued to provide them with advice on resource management through the school resource management advisers we referred to earlier.

We now also mandate each trust to submit a school resource management self-assessment tool on an annual basis, which creates a good discipline for academy trusts to complete that self-assessment tool, as well as providing us with significant information about their current position. We require new trusts to undertake a financial management and governance assessment shortly after opening, so that we know that they



HOUSE OF COMMONS

have been established well, and we then provide a clear regulatory framework and now this annual school resource management self-assessment that provides the ongoing basis for us to look at their financial health as they progress.

Q50 Shaun Bailey: That is useful. On the point that you raise around the AFH and internal scrutiny processes, how confident are you that trusts are managing those internal scrutiny processes effectively? I am just conscious that SARA notes that a lot of the regulatory exceptions in the accounts are down to a lack of internal scrutiny, so I just wonder how you are marrying that up.

John Edwards: The regularity exceptions have gone up slightly. It is still less than 10% of trusts, which is important. The vast majority of trust accounts are unqualified, which is the important high-level oversight. In terms of those regularity matters that you raise, we feel—and the evidence suggests—that most of them are as a result of us increasing the regulatory framework in which they are operating. Ideally, trusts would react very quickly to that and be in a position to be fully compliant with that immediately, but we recognise that there are some situations in which, perhaps, on specific requirements around reporting or internal scrutiny, they have not yet fully implemented the regulatory framework that we have put in place.

Those regulatory opinions are, essentially, driven by the circumstances where we have increased the levels of scrutiny and regulation, and it is, although not ideally, seeing some trusts take a little while—perhaps another year—to work fully within those arrangements. We do not feel that they represent a significant worsening of the underlying position.

Q51 Shaun Bailey: You have pre-empted my supplementary there. What would be the timeframe for trusts to be dealing with these scrutiny issues? I assume that there is a support package in place with these trusts to get them to a level where you would want to see them.

John Edwards: On the second part of your question, absolutely. The arrangements that Mr Sharp oversees ensure that we have proactive engagement, picking up issues that are raised through either a regulatory opinion or other aspects that emerge through the financial forecasting, etc, that they supply to us.

If they have a regularity opinion, we would look to trusts to respond to that immediately, so we would, the following year, expect to see their accounts reflect the fact that they have responded to any regularity opinion that has been offered by their external auditors, have addressed those and have in place the appropriate arrangements to prevent that happening again.

Q52 Shaun Bailey: If they are not doing that, when do you say, “We have to come in here and be a bit more than just supportive”?



John Edwards: We want to make sure that our support leading into intervention is proportionate. As I have said, we have a lot of support that we put in place, working individually with academy trusts as well as through the wider programme of advice and guidance that we provide. As we have said, school resource management advisers play a really critical role in that.

Where necessary, we then engage more directly with trusts if we have concerns to raise, and will begin a process of more direct engagement with their academy trust, raising our level of concerns. We have the tools to be able to escalate that to the point of intervention, if necessary, but the emphasis of our work is very much on prevention and early intervention to ensure that, first of all, it does not happen and, secondly, where it does, we are able to provide the support and training that would enable those trusts to put things right and move forward.

Q53 **Shaun Bailey:** Chair, I am conscious that we could talk about this all day but I have just one final question on this point. Ms Acland-Hood, is the sector too big to fail?

Susan Acland-Hood: In the sense that the school system is something that you would not seek to have fail all in one go, sure, but I do not think that the sector is organised in that way. There are no components of the sector that cannot be addressed if there is a problem with them. That is one of the strengths of the way that we are organising it now.

Q54 **Shaun Bailey:** From the exchange that we have had today, it sounds like that is based on the fact that, so far, failure has been contained to specific circumstances. We do not yet know the impacts of the pandemic on finances to the extent that we would like, but were that to spread, or were there to be circumstances down the line, what would sector-wide failure look like financially?

Susan Acland-Hood: I really do not think that we are in a place where that is a circumstance that we are facing. As I say, we have seen the proportion of trusts in cumulative surplus or with zero balance go up significantly from 93.9% in 2018-19 to 95.9% in 2019-20. The soft intelligence that we have had since then—and I can bring Warwick in on this, if that is helpful—is that that position is continuing to improve, not to deteriorate. We saw the maintained school figures come out in December, which show the best position for quite some time, from 88% of maintained schools in cumulative surplus or zero balance in 2019-20 to 91.6% in 2020-21. The financial health of the sector is improving, and that is before the impact of the £4.7 billion that went in through this spending review.

I completely understand the question and it is really important that we think about whether we have structured this system so that, if there are failures, we can address them and not end up in a position where we cannot do that robustly, but I do not think that we are anywhere near a



whole-system difficulty. Indeed, to the contrary, we are looking at a system and a sector that is performing well.

I would just like to say that the work and effort that teachers, headteachers and school business managers—who do not get a big enough shout-out in the system, in my view—have done in order to keep them in that place is phenomenal.

Q55 **Shaun Bailey:** Absolutely. I suppose the point that I am trying to make is that, for the Department, and particularly for you as the accounting officer, if the last two years have taught us anything, it is about thinking forward to the worst-case scenario. The heart of my question is that, yes, the headline figures are good, but if this turns the other way, what does that look like? What is the trigger to think, “Okay, we have a problem,” and how do you then step in?

Susan Acland-Hood: As Mr Edwards has been saying, we are trying to get significantly ahead of points of failure. Our effort is to identify challenge and points of pressure and difficulty before it becomes the kind of failure that is very difficult to manage in the system. We really are trying to do forward thinking in a way that supports schools to flourish, to perform well, to do well by their pupils and to be financially secure, because we know that that financial security helps them to do a really good job for their pupils. It is about early warning systems way before the point of failure, way before anything gets widespread across the system.

The other thing is that you have seen us plan, through a good, strong spending review settlement for the next three years, to invest significantly more—£4.7 billion going into the school system over the next period—to try to make sure that we build on what is a strong picture and make it even stronger.

Chair: I am just aware of time. I think we have got the point, but let us be clear that the money is going into schools now, but it is after a period of time when it was going down, and that per-pupil funding has not gone up by the same level as the global funding and there are more pupils, so we just need to remember that in the mix.

Q56 **Mr Holden:** I just want to jump in with a couple of very quick points. First of all, Covid has had an impact, and these accounts do not reflect that full period. In terms of supply costs, that has been a real pressure across the sector. Are we seeing any of that come through? What is the Department doing to help schools, particularly in parts of the country that may have, because of different lockdown rules at different times, faced even higher issues particularly in terms of staff absence?

Susan Acland-Hood: The SARA does not reflect the whole Covid period, but as I say, we have been keeping a careful eye on the overall picture since then and it continues to look relatively promising. For maintained schools, we have slightly more recent published data. We continue to keep an eye on it. We provided the exceptional costs funding at the



HOUSE OF COMMONS

beginning of the pandemic. We have provided support in kind—things like laptops and the work that was done on free school meals.

On the workforce issues that you raise specifically, the workforce fund was opened last year and has recently reopened for schools that are facing acute workforce challenges that they cannot meet through the reasonable use of existing budgets and surpluses.

Q57 Mr Holden: That is something that has been raised with me by some of the senior management at multi-academy trusts in my constituency. Financially well-run MATs will naturally have built up a surplus, particularly if they are looking to expand and take others over, yet they are now being told to use their resources in order to fill the funding gap from Covid, putting back your academisation programme, which is Government policy. Do you accept that that is potentially an issue being faced by some academy trusts?

Susan Acland-Hood: We should always listen to the things that schools and trusts tell us about what is difficult in the system, so it is an important point. There is a careful and difficult balance that we have to strike between asking schools to use surpluses that they have built up over time when they face pressures, and funding them for every school. In circumstances where every school is under pressure as a result of the pandemic, the overall financial health position looks less challenging than some of the management and leadership decisions that we are asking heads to make every day.

Q58 Mr Holden: You can understand how these schools feel penalised, despite being well run.

Susan Acland-Hood: I completely do, but there is also something about making sure that we have the resource available for schools that cannot fund through a surplus that they have built up over time.

Q59 Mr Holden: Is it fair that a well-run school is, therefore, penalised, whereas a poorly run school is not?

Susan Acland-Hood: The critical thing is that the children have someone in front of them to teach them. We are trying to make sure that we deploy the money so that that is true. I do not think that it is right to penalise the children for a school not being particularly well run.

Q60 Chair: Going back to Mr Bailey's point, not that it is too big to fail, but a failed school is a really big issue. Those of us who have lived through that in our constituencies know what the impact is on pupils, so you are going to be propping up schools in the academy sector, even when they have problems.

Susan Acland-Hood: We should be very careful. There are plenty of schools that are not running large surpluses but are not failing schools on any definition. They may have had particular circumstances that have caused them to be in that situation.



HOUSE OF COMMONS

Q61 **Mr Holden:** It is obviously the case that there will be schools in all sorts of circumstances, but if there is a good MAT that is looking to expand, which it cannot do because it has been penalised because of the lack of resources being put in and because it has been told to use its surpluses, there are children who are going to be failed because they are not being moved from the orphan schools, as the Chair talked about, into a multi-academy trust.

Susan Acland-Hood: The key thing here is to look at what we are seeing in the effect in school numbers. We are seeing the vast majority of academies in surplus, and average surpluses continuing to grow over the period. We will keep a really careful eye on it. If there are schools or trusts in that position where they genuinely feel that their ability to operate is being significantly affected, there are conversations that we can have with them.

Q62 **Mr Holden:** It is not the ability to operate but the ability to expand.

Susan Acland-Hood: Yes, but the counterfactual would be that we support those trusts to maintain very large surpluses by giving them additional money for staffing, which they could currently afford to meet, and that would give us less resource to be able to support a school that absolutely cannot do it, because they do not have a surplus to use. That would be a very difficult situation.

Q63 **Mr Holden:** Surely the argument would be that no school budget should be impacted by Covid.

Susan Acland-Hood: I do not think that there is any institution in the country that has not been impacted by Covid. That would be a challenging position for us to argue with our colleagues in the Treasury.

Q64 **Chair:** Let us not be tempted to go into IT provision on an ongoing basis. There are so many issues. I just wanted to go back into the issue of surpluses, looking again at the map on page 13. Mr Sharp, how much of those surpluses, if you can give us a ballpark figure, is restricted versus unrestricted? Sometimes that money is held because it has been granted by you or the Department for particular projects. Do you know how much is money that is free for the schools to decide how they spend?

Warwick Sharp: We have that analysis but I do not have it to hand. We have looked trust by trust, and particularly at the ones that have what look like high levels. Dialogue with the trusts helps us break it down into what is planned and designated and what is available. Where a trust has a high level of reserves that are not designated for a good reason, we will challenge it on whether it should be spending more on the current pupils. That normally changes behaviour.

Q65 **Chair:** Have you done an analysis of spend versus attainment? If they are sitting on money and yet, as Ms Acland-Hood said, they need a good teacher in front of them or they need other resources, how granular do you at the ESFA get to see where they are spending that money, or



where they are not spending that money and holding a big reserve?

Warwick Sharp: We in the ESFA would work alongside the RSCs and have detailed dialogue with the trust. We would say, "This is your financial picture; these are your reserves. In some cases, they seem high to us." In particular, the RSCs will come in and say, "We are worried"—if they are—about some areas of outcomes or about growth plans, which allows us to match the financial conversation with the education conversation.

Q66 **Chair:** Going back to the big academy trusts, it is United Learning Trust that is going up to 76—one more than we had when we were discussing this earlier. If you look at its main accounts, it has the financial accounts for the main academy, which is all very clear and you can find it. If you go down into an individual school, you can look at the scheme of delegation and the roles and responsibilities.

When you click on "finance", it is incredible what you see the local governing body has to do. On the face of it, it sees none of the financial decisions. If a large academy trust is running multiple schools, has its central accounts and might have a surplus that is not allocated to anything in particular, how are you judging, in all of its schools, whether all the pupils are getting what they should do, when it has some money held back at the centre, given that even the governors at those local schools cannot see how the money is being spent?

Warwick Sharp: For context first of all, in the accounts each year, the trust needs to break down the balance by each academy. At the end of each year, you can see the closing balance at academy level and central level, which allows a good amount of information about the financial management, as does the accounts return following the accounts direction generally. We can see in a lot of detail the expenditure, academy by academy, but also the central expenditure.

Q67 **Chair:** You can see that academy by academy, but parents cannot see the per-pupil funding that they get.

Warwick Sharp: Parents can see the per-pupil expenditure, which tends to be the area of greater interest. They tend to want to know what is spent on the pupils at a particular point in time. There is extra information through a range of other sources, including the closing balances at academy level, which I talked about just now.

Q68 **Chair:** There was some talk about a governance review, but part of that was about the accountability of schools. Ms Acland-Hood, have you ever considered having a dashboard as a consistent way for not just academies but maybe all schools to present their financial information that is easy for parents, pupils and other stakeholders to understand?

Susan Acland-Hood: Yes, and, to some extent, that is what the school financial benchmarking information website provides. It allows you not only to look at what is happening at the school in which you are interested but to compare it with other schools.



Q69 **Chair:** I am not knocking having a good website—I am sure it is wonderful and everything—but if you are a parent of a child in a school in Hackney, north-west Durham or the Cotswolds, you are probably most focused on the school your child is at, and you will be looking up that information on its website, but there is no requirement on schools or on academies to provide that information in a clear way.

When you have multi-academy trusts, you have an added complication, because even if you have a local authority running several schools, you have the ability to go into the council's accounts, and you even have people you can go and harangue about it, but multi-academy trusts are a bit more distant. The local governing body does not have quite the same handle on it. Is this something that you are considering or do you not think there is a problem with it?

Susan Acland-Hood: We should keep on looking all the time at how we can try to make the information more transparent, more immediate and more useful for people. In preparing for this hearing, we looked at some past asks from the Committee on trying to make the SARA more accessible to people, and we have done quite a lot on that, although it remains, I suggest, a fairly big challenge to get the average normal person to go and have a really good look at sectoral annual reports and accounts.

Chair: Bits of it are a bit techy but some of it is a lot better.

Susan Acland-Hood: Your challenge, which is to look at where people go to look for these things and try to make sure that they can find them in those places, is a really good one and we should keep looking at that. We do quite a lot of user research in the Department and look at what people are telling us they want, which is where the point comes from about parents wanting to understand the expenditure more than the funding. We should keep looking at that. We should look at whether there are things that we can draw out of the experience of what goes into the financial benchmarking website and what people choose to use it for.

Q70 **Chair:** Do you do that analysis?

Susan Acland-Hood: We do, and it is something that we want to continue to build on and do more. I am happy to take that away.

Q71 **Chair:** I remember very vividly at the 2017 election—we have had so many that they roll into one—parents asking a lot about school funding at that particular point. I suppose the election heightened it, but it was happening. Also, they were unable to access financial information from their own schools, with governors sometimes not sure that they could release it, for example. Just to be clear, it is taxpayers' money and school governing bodies should be sharing this information, just to get that on the record.

One of the things we have also raised in the past is concerns around the governance of a trust. Mr Bailey talked about them being too big to fail when something goes wrong. We previously raised with your predecessor



HOUSE OF COMMONS

the issue of discredited trustees and leaders. It is very difficult, and we had some private briefing from the Charity Commission about how hard it is to get rid of somebody who has acted inappropriately as a trustee of an academy trust. Is there any progress on that?

Susan Acland-Hood: We take this very seriously and work hard to try to make sure that we take action when somebody is acting inappropriately. We have some levers to try to prevent them being involved in similar activity in the future.

Chair: Talk us through those.

Warwick Sharp: We have a particular way of acting, called section 128, which allows us to bar individuals from being involved in the running of educational institutions. Clearly, that is a very serious action that you might take. It has been used a small number of times, because you need a very high bar. There are cases where it has been used and a small minority where other action can be taken. The Charity Commission has levers available and, if necessary, can bring criminal proceedings.

Q72 **Chair:** Do you know how many people have been disbarred?

Warwick Sharp: I have the figures.

Q73 **Chair:** You have—this is progress then, because it was a real struggle, legally, for you to do it before.

John Edwards: If I may, Chair, there have been 10 section 128 directions relating to academy trusts.

Q74 **Chair:** With the various legal positions that people hold, it can be quite difficult to bar them completely if they have had a handle on it. Do you have informal ways of discouraging people or alerting people to the fact that somebody has had a previous background? Someone could move to another trust and no one would necessarily know that they had been involved before with a trust that had problems. They are very autonomous. Although they report into you, you cannot stop a trust appointing a trustee—or can you?

John Edwards: The section 128 direction is the mechanism.

Q75 **Chair:** But that is quite a high bar. That is the one we looked at before. It is a very high bar at which someone can no longer get involved in an academy trust.

John Edwards: The academy trust handbook encourages trusts to give a great deal of diligence to looking at the skills that individuals can bring to those trusts and to maintain a really good oversight of the contribution of individual trustees.

Q76 **Chair:** Skills are fine, but if you have a board that has been involved with a trust that has gone badly wrong, they might not all be section 128. They might not all have their fingers in the till, but there might just be genuinely bad governance or things that are questionable. How strong



HOUSE OF COMMONS

are your powers, and do you need any more, to make sure that only people with the right intent are running what is a crucial part of our education system, with now more than half of pupils in academy trusts?

John Edwards: As we have said, the sanctions include section 128. We can also work with the Charity Commission, although, as you have suggested, Chair, they are very small numbers that occur at that level of sanction.

What is most important here is the role that each academy trust has to look carefully at its appointment of trustees, as it would with the appointment of paid staff as well, and to give very careful consideration not only to the skills but also to the experiences that those individuals bring, where they have gathered that experience and what they will bring to their individual trusts. There is a high level of diligence within academy trusts in appointing trustees, which enables them to ensure that they have the right balance and the right mix in their trust boards going forward.

Warwick Sharp: There is also a requirement for trusts to be very transparent in terms of their arrangements and who is on the board. It allows a trust that is recruiting new trustees to look at someone and their history, and to ask questions, particularly if a term came to an end early. It is an area that we need to keep exploring, but it allows questions to be asked at least.

Chair: Ms Acland-Hood, your predecessor always used to say it is a tiny percentage who are really bad, but if any are bad, that is bad for the pupils involved.

Q77 **Shaun Bailey:** You just talked there about ensuring that boards are recruiting the right people. As an example, the TBAP Trust gave up its alternate provision schools last year, after its position became untenable. Its chief executive at the time has now been appointed as the regional director for London at the Ormiston Academies Trust. Going back to the response that you just gave to the Chair in terms of ensuring that individuals who may have been involved in failing trusts do not carry forward, this would surely be an example of where these people are staying in the system.

Chair: I know that you cannot talk about the individual case, although you are under privilege.

Susan Acland-Hood: The critical thing is that that is transparent and obvious to people and that they can ask good questions about it and understand. Not wanting to talk about the individual case, we all understand that sometimes good people are involved in things that do not go perfectly right. Understanding responsibilities and what roles people can play is important. The critical thing is that that will not have been unknown to those making the appointment.



Warwick Sharp: This is an example of good intervention. This was a trust that did not have the capacity to bring about improvement. Fairly swiftly, the schools were moved to strong trusts. The Permanent Secretary described what happened very well. I will not get into individuals, but there are cases across the board where individuals were perhaps not suited for the particular roles in particular trusts, but have a big contribution to add to education—in this case, alternative provision. I will not get into the details, but there are cases where those individuals can go on to thrive in the right circumstances.

Shaun Bailey: I should just clarify that I am not casting any aspersions about any individual involved in this. The point that I was trying to make more broadly is that the system is quite circular in terms of the personalities who can travel through it. You may see the same personalities across the piece.

Q78 **Chair:** There is also a difference between teaching staff and trustees, which we have touched on a lot in the past and will not go into now. I just wanted to touch on pay. When is the review of pay going to be completed?

Susan Acland-Hood: In terms of pay in the academies sector?

Chair: Yes. Pay overall but pay in the academies sector. There is a review of pay overall, is there not?

Susan Acland-Hood: Just so that I am clear, are you talking about teachers' pay?

Chair: We are going to touch on teachers' pay. I know that you have reviewed academies sector pay, and the figures in the report suggest that that is having some effect. Do you want to touch on that first, and then we will talk more generally about teachers' pay?

Susan Acland-Hood: We continue to want to keep a careful eye on this and work with colleagues in the sector on it. I do not think there is a moment of publication that we are expecting on this, unless I am completely forgetting something that Warwick or John is now going to tell me about. It is more a continuous activity of working with people in the sector to make sure that we understand levels of pay that look, on the face of it, different from what you might expect, that we have a good reasoning behind them, and that we are continuing to work to shift anything that looks out of line and does not have a good reason behind it. That is an activity that continues all the time.

Q79 **Chair:** The very large exit packages have gone down. They are going to be small numbers anyway, so that is a small number of individuals. Are you relatively relaxed about that pattern, Mr Sharp, or are you concerned about some of those payoffs?

Warwick Sharp: Arrangements like that will typically, according to a set of criteria, come to the ESFA for approval, which allows a lot of scrutiny of those cases.



HOUSE OF COMMONS

Chair: You have to agree every single one, and that is on page 72, for anyone who is following.

Q80 **Mr Holden:** Just picking up on what the Chair was talking about, one of the things we talked about last time was the £30,000 starting salary kicking in across the profession. I just wondered if you had any update on that for us.

Susan Acland-Hood: We continue to be committed to a £30,000 starting salary, which was built into the thinking on this SR, as well as the last one, as you reminded me last time.

Mr Holden: I should declare that I was a special adviser at the Department for Education.

Susan Acland-Hood: Sorry, I was not trying to—

Mr Holden: No, you are quite right.

Susan Acland-Hood: As ever, we will go through the usual School Teachers' Review Body process in order to set teacher pay rates, and we will do that using the funding available through the spending review settlement that was announced in the autumn.

Q81 **Mr Holden:** Are we going to get it in this next round?

Susan Acland-Hood: It will be factored into the next round of the STRB work.

Q82 **Mr Holden:** Inflation is now looking likely to hit 6% this year. One of the main attractions for having £30,000 was that it would be a differential to the rest of the market. We are seeing wage inflation now at roughly the same pace as other levels of inflation. It was put there to maintain that difference between that as a starting salary and other graduate professions. Might we need to go higher than £30,000?

Susan Acland-Hood: I think £30,000 remains a really attractive starting salary. The commitment to it is really important. We will go to the STRB and ask it to look at proposals across the whole, not just the starting salary but positions for experienced teachers, and to take into account surrounding circumstances, while making sure that what we do is affordable.

Q83 **Chair:** To be clear, you are going to the teachers' pay board to determine that salary.

Susan Acland-Hood: We will go through exactly the same process that we go through every year, so we will make recommendations.

Chair: Mr Holden, I think I am right that the promise was made in 2019.

Mr Holden: Yes, it was.

Q84 **Chair:** So £30,000, Mr Holden says, is no longer what it was then. Was the pledge for a £30,000 flat cash rate or was it £30,000 at the time,



index-linked?

Susan Acland-Hood: £30,000 is a good and encouraging starting salary.

Chair: That is the round cash number. It is not your fault. You did not write the manifesto. Index-link it for future manifestos.

Q85 **Sir Geoffrey Clifton-Brown:** I have a technical point, which is to do with the difference in the academic year between academies and the whole of Government accounts. When and how do you expect the Treasury to resolve the whole of Government accounts qualification arising from academy trusts' different financial year?

Susan Acland-Hood: Give me two seconds—I have it.

Sir Geoffrey Clifton-Brown: Don't worry. I appreciate that it is a very technical question.

Susan Acland-Hood: We continue to work really closely with the Treasury on this. As you know, the fundamental thing that sits behind this is that schools operate on an academic year, and it makes sense for academy accounts also to operate on the academic year. We are working with the Treasury on a means of sensibly translating the academic year into a financial year, such that everyone is comfortable that that is a good translation and can then sensibly be wrapped in without qualification. We continue to take that work forward with Treasury colleagues. It was not heavily prioritised during the last year and a half, for reasons that I hope you can understand, but we continue to look at it with them.

Fundamentally, we have to make sure that everybody is comfortable that there are no peculiar shapes of spend in academies during the year such that it is illegitimate to make a mathematical translation between the academic year and the financial year. We have to demonstrate that patterns of spend do not do something very peculiar between April and July in the average academy, so that it is legitimate to do that.

We don't want to introduce additional burdens on academy trusts or to ask them to do a completely different return that does not reflect the way that they normally work. We want to do this by managing that through the system.

There are two other issues. One is our large valuations, so land, buildings and pensions. For land and buildings, we think we can demonstrate successfully that they are unlikely to spectacularly change their value in the last three months of the academic year compared with the financial year.

On pensions, there is a challenge because there is quite a lot of work to do. Everything relating to pension evaluation is always more complicated than you think it is going to be, as a rough rule of thumb, but there is some work going on with the Treasury to try to find a way through that



HOUSE OF COMMONS

that is good value for money and makes sense. Those are the three areas on which we are working in order to try to make progress on this.

Sir Geoffrey Clifton-Brown: I absolutely appreciate that this was not at the top of your priorities during the Covid pandemic.

Susan Acland-Hood: And nor for Treasury colleagues, to be fair.

Q86 **Sir Geoffrey Clifton-Brown:** Treasury colleagues even less, I would imagine. Do you have any sense at all of when this largely technical issue might be resolved?

Susan Acland-Hood: I don't have a timescale at the moment, I am afraid, but we continue to work on it with Treasury colleagues and to make as much progress as we can, as quickly as possible.

Chair: It is insolvable.

Sir Geoffrey Clifton-Brown: It is almost insolvable, unless you come up with a technical solution, which everybody accepts may not be perfect.

Susan Acland-Hood: That is what we are working on.

Sir Geoffrey Clifton-Brown: It may not be perfect but it is a technical solution that everyone accepts.

Susan Acland-Hood: Exactly. That is what we are trying to do.

Q87 **James Wild:** I declare an interest as a governor at an academy in my constituency. I just want to ask a couple of quick questions on governance. At the moment, any individual academy can be inspected by Ofsted, rather than looking at the multi-academy trust itself, which may be directing a lot of the policies. Do you accept that that leaves a gap in terms of the governance, leadership and financial management of academy trusts in terms of public accountability?

Susan Acland-Hood: There are quite a wide range of other ways in which we hold academy trusts accountable for the things that we ask them to do. You have the handbook and all of the apparatus that John described on accountability. It is widely accepted that, over time, we should keep looking at that. The first step would be to set out even more clearly the expectations and framework for what "good" looks like in academy trusts. You need to be clear what you are inspecting them against, so the first step would be that framework, and the second would be looking at how you held them to account against it. That conversation is happening across the sector, and part of the discussions of that are often not just generated by Parliament and Government but by people in the sector asking the question. That is an important next stage of the evolution of the thinking, and we should be thinking about that carefully.

Q88 **James Wild:** You will be aware of the Private Member's Bill from Jonathan Gullis, the Member for Stoke-on-Trent North, to give Ofsted the powers that it previously called for to look at achievement and underperformance, as well as leadership. Do you agree that that would



HOUSE OF COMMONS

potentially give you more effectiveness over spending, moving forward, and is this something that might be addressed in the White Paper?

Susan Acland-Hood: There is a really good reason why it is discussed and thought about. The first step, though, would be to set that even clearer framework for what “good” looks like. At the moment, I don’t think that we have enough set out, partly because different academy trusts choose to play their roles in very different ways. The first step would be to set out that framework before you started inspecting people against it.

Q89 **James Wild:** Who would set out that framework?

Susan Acland-Hood: That is the sort of thing that you might expect to ask us about as part of the White Paper.

Q90 **Shaun Bailey:** Can I just touch on local audit? I appreciate that academy trusts are ultimately responsible for getting auditors in. We have heard from colleagues in local government that the audit sector is somewhat stretched at the moment. Mr Sharp, this may be one for you. In terms of how the sector interacts at the moment, could you briefly tell us whether those pressures that colleagues in local government are having are feeding across into the academies sector in terms of the ability to get the calibre of firms in, particularly with these larger multi-academy trusts?

Warwick Sharp: It is not an issue that has been fed through to me as a major problem. The mechanics are that a trust has its accounts externally audited. Standards for that are extremely high. Auditors are professionally qualified and regulated. There are reviews of the audits. It is not an issue that has crossed my desk in any numbers, but we will keep an eye on it.

Q91 **Shaun Bailey:** In terms of the calibre and variety of firms on offer, while this is not an issue that has come across your desk, are you proactively monitoring the space to ensure that it is capable and that any pressure points are identified?

Warwick Sharp: We definitely are. The standards are very high. It is a sector with professional qualifications. They are registered and regulated. There are reviews of their work. We go back through a lot of the work, because we rely on it, and do a series of reviews of the accounts and flag issues. We have found it to be a very accurate and reliable source of information.

Q92 **Shaun Bailey:** If I could just touch on Covid spending, I appreciate that, while the Government brought forward advance money, a lot of that was also covered by underspends and surpluses that trusts had. What is your estimate of Covid-19-related spending on surpluses? Clearly, there is going to be one, but what is your estimate of the stress test that that is going to place on academy trust finances?

Susan Acland-Hood: Again, I might bring Mr Sharp in, because he is closest to the latest position on academy financial health. The figures that



HOUSE OF COMMONS

you have in front of you show surpluses increasing. The maintained school figures, which are more recent, also show surpluses increasing.

The picture that we have at the moment is that Covid has increased schools' costs on certain categories of spend—for example, ICT resources, caretaking and cleaning. They have reduced in some areas that generate income, such as lettings. Those things were more than offset, certainly in the period that these accounts relate to, by decreases in spending on most types of non-staff spend and on supply and training.

I would expect to see that shift as you look at more recent periods, but the latest intelligence that we are getting from the sector is that, even now, financial health is holding up well and that surpluses are, on average, continuing to grow rather than to shrink. That is partly because this is also a period in which we have put quite a lot of additional funding into the system not only to support Covid but also in general.

Warwick Sharp: Based on the intelligence that we have, which is published data—three-year budget forecasts and casework—we are, so far at least, not seeing expenditure increase at a faster rate than income, which is what leads to some of the improvement in financial health across the board. It is something that we will be reviewing closely.

Q93 **Shaun Bailey:** Just to be clear, these accounts cover the period up to 31 August 2020. We are in January 2022 now.

Susan Acland-Hood: The intelligence that Warwick has just given you is more recent than that, so we are keeping an eye on it now as well.

Warwick Sharp: That includes the published maintained school figures from 2021.

Q94 **Shaun Bailey:** Are you anticipating any baked-in ongoing costs as a result of the pandemic that academy trusts are going to have to deal with? I am just conscious that living with the virus is what the Government have put across. Are you anticipating that trusts are going to have to meet that, perhaps from the intelligence that you are getting through, Mr Sharp?

Warwick Sharp: We are typically seeing trusts return to the operating models that they broadly had pre-pandemic. There might be some relatively small changes. The reliance on remote learning and ICT is something that will be retained, not necessarily for the same reasons but because of the advantages that it brings. We are broadly seeing trusts return to the operating models that they had before, and the balance of costs is broadly similar.

Q95 **Shaun Bailey:** Mr Edwards, this may be one for you. Regularity exceptions in respect of Covid spending accounted for about 14% in terms of the accounts that we have so far. In the most recent set of accounts that we are anticipating, are you expecting that to increase at all? What allowances are you making for that?



John Edwards: I don't think that we have any particular expectations of it increasing. We have provided advice to all academy trusts through "dear accounting officer" letters and other mechanisms in order to alert them to potential additional fraud risks associated with this period, which also includes cybercrime. We have alerted them and provided briefings to ensure that academy trusts are aware of the potential risks.

There is nothing in the work we are doing at the moment that suggests that we will see an increase particularly associated with Covid. With any new funding stream, there are always additional burdens that academy trusts will pick up, and we are grateful to them for responding in the way that they have to integrate those additional spending streams, and for providing us with appropriate responses where we have sought, through our audit work, the information that we need.

The straight answer to your question is that we are not expecting that. Until we go through the process for this year, I cannot give any direct promises on that, but there is nothing to indicate that that would be the case.

Q96 **Shaun Bailey:** I know from speaking to my schools—perhaps you do too, Chair—that, at times, they have had to make decisions perhaps at short notice in terms of where to spend money, particularly where centrally provided support has not necessarily met the mark. I would imagine that you will have factored that in, in terms of pulling together regularity exceptions.

John Edwards: As I said, proactive advice to ensure that trusts are aware and alert. Trusts have had to make decisions on types of activity that they have never previously engaged with and have had to do so in circumstances that none of us could have envisaged.

Having said that, I do not think that there is anything coming through, in either the reports that we have had or the indications from our regularity work at the moment, or the regularity work that is being done with individual trusts, to suggest any particular diversion from the proportion you describe, but we have to await the next financial year to see what the exact figures look like.

Susan Acland-Hood: I want to publicly thank Mr Edwards and the ESFA, and others in the Department, and, fundamentally, people across the whole of the system. The work that they have done, even under these circumstances, to think seriously about how they are accounting for the money that is spent has helped us to make sure that this set of accounts has come through the process unqualified.

In normal times, that should be just the minimum we expect of ourselves, but it has not necessarily proved easy across all aspects of everyone's activity everywhere. I just want to say thank you for that, because it is the result of people taking this seriously, even under very difficult circumstances.



HOUSE OF COMMONS

Shaun Bailey: That is definitely noted.

Q97 **James Wild:** I have a quick question about the academy estate. Last July, a school in my constituency, Smithdon High School, was very pleased to be included as one of 50 in the second wave of the schools rebuilding programme. I do not suppose that you have an update with you today, but perhaps you could write to the Committee with an update on that programme and progress that has been made since that announcement.

Susan Acland-Hood: Yes, I am very happy to do that.

Q98 **Chair:** On the issue of the estate, obviously this is property owned by the academies, and you reflect it in the accounts. I was mulling over, in preparing for today, how that may have fluctuated. Obviously you have a methodology for that. Do you have a full grasp of what the estate is? I know that the ESFA does some sampling. What are the particular worries for you about the academy estate?

Susan Acland-Hood: We ran a condition data collection from 2017 to 2019, which collected data on, at that time, 22,031 out of 63,942 schools.

Chair: This was the all-schools work.

Susan Acland-Hood: That is all schools. We continue to survey condition across academies, despite the model, because we think it is right that we have a really comprehensive picture of condition across the school estate. We are setting off on the second round of that condition data survey shortly. Yes, I think we have a significantly better picture of the estate than we did before the first condition data collection.

Q99 **Chair:** Are there any particular issues around the academy estate?

Susan Acland-Hood: There is nothing that stands out across the academy estate as against the maintained school estate. When it comes to school condition, the stripes that run through it tend to be things more like ages and types of construction of buildings, which cut across—

Q100 **Chair:** Now more schools are becoming academies that are from the maintained estate, rather than being built specially. Can I just ask about the capital funding programme? We have looked at this quite a lot, as well as separate issues generally across the sector. We know that there are a lot of schools that are old and need patching up, for which maintenance is expensive, but there also initiatives—the requirement for outside play space for all children in reception class at early years foundation stage, for example—which are about investing in the estate for learning outcomes.

How much of a handle do you have from the centre—because it comes very quickly to Ms Acland-Hood, as the accounting officer for this sector—of what is being spent on just maintaining schools and what percentage is being spent on investing in learning improvements, such as better labs or



other facilities?

Susan Acland-Hood: We have about £5.6 billion of capital funding going into the whole of the education sector in 2021-22, which includes £1.8 billion specifically around maintaining and improving the condition of school buildings and £750 million for new school places.

I think it is true to say that we have a better and more detailed handling on condition and funding for maintenance and schools that are in poor condition than we do on those questions of suitability that you describe. Although they are really important, it is hard to prioritise that over, for example, a school where the roof is leaking or the boiler doesn't work. So the condition data collection starts from condition need, but schools can both save and bid for suitability improvement as well, where they need it and can demonstrate that they do.

Q101 **Chair:** With the state of the school estate, a lot will be drawn into that maintenance. You talk about that global sum. In terms of the academies sector, which we are looking at today, how do you measure, when a school is bidding for money, whether you are going to get better outcomes because of the investment that they are making, for example in science labs or design and technology facilities?

Warwick Sharp: The Permanent Secretary talked about the surveys that we do to look at condition data, which inform the allocations.

Q102 **Chair:** That route is getting more well worn now, but what about the investment for learning?

Warwick Sharp: Academies will draw on a significant amount of capital funding. For some discretionary decisions, there are times when the condition is good or okay, but they want to change the way a space is used, for instance. That would be harder to make a case for under the routes through which we fund capital, and so a trust might use some of its reserves. That will be apparent in the accounts and the way that the information is reported to us, but it is, at times, a decision that that trust makes independent of the condition. It is more about a choice it is making about the education.

Q103 **Chair:** It is interesting, because Ofsted in its reports will sometimes downgrade a school for small, old classrooms that will never be able to be brought up to scratch, so the school is hampered by that, but you do not seem to have a mechanism for putting money in to improve educational outcomes.

Susan Acland-Hood: Devolved formula capital goes to schools, as it sounds like, on a formula basis, which can be used for any purpose, so the school can use that funding.

Q104 **Chair:** It is not whether they can or cannot, but whether you understand where the gaps are. Let us take one of the regions on Mr Bailey's favourite map—the West Midlands, for example—and let us say that there



was a shortage of good science labs compared with modern-built London schools. Would you have a handle on that from where you sit?

Susan Acland-Hood: We don't collect that in the same way that we collect condition information. It is also true that there is some scope for leadership of schools to make different decisions about what they think is going to help them give children—

Chair: I am not suggesting for a minute that it is micromanaged from Whitehall. That would not really work, but do you see where there are gaps, where there is perhaps a problem? About a decade ago, there was not a single qualified chemistry teacher in the Black County, funnily enough, Mr Bailey, so it was very hard for those pupils to get on to certain career paths. That was a teacher, but equally, if they had not had the right lab facilities, that could have been a brake on their progression to further or higher education, training or jobs. Do you have any sense of that from where you sit—any of you?

Susan Acland-Hood: We do not have that in the same comprehensive way that we have condition information about schools.

Q105 **Chair:** Is it information that you should have?

Susan Acland-Hood: It is right that our priorities are making sure that we have the condition information and that we understand that schools are safe, watertight and well heated. I think that is the right prioritisation.

It is important that schools know how they can raise those things and get them resolved, but given that people will make different choices about priorities and make use of space in different ways, which is legitimate, the critical thing is that a school that feels that it cannot deliver a good education because it does not, for example, have lab space has a route for raising that and getting it addressed through its trust, its local authority, its RSC or the Department.

I am relatively comfortable that that is something where we will respond to concerns raised rather than going out and proactively seeking it, which otherwise slightly takes you down to predict and provide micromanagement.

Q106 **Chair:** There is the inbuilt tension, is there not, that the chain from the school to you is a very short one? Can I move on to the issue of asbestos? This is something that we have equally raised in the past. There is a percentage of schools that have still not returned their asbestos survey, so what is happening on asbestos?

Susan Acland-Hood: We ran the asbestos management assurance process in March 2018. When we first ran it, 88% of schools responded.

Q107 **Chair:** We have got up to over 90% now, have we not?



HOUSE OF COMMONS

Susan Acland-Hood: Yes, we are now at 93%. We have been chasing down schools that have not responded. The other thing that we have done is to build that asbestos assurance process into the condition data collection 2 programme, so that, as that goes round, it will pick up any schools that remain.

Q108 **Chair:** We are still at 7% of schools that have not responded, and you say that you are chasing them down. Are you getting that information in from them? Does that last 7% of schools have worse asbestos? Is that perhaps why they did not respond in the first place?

Susan Acland-Hood: That is very unlikely, because, in general, schools are quite keen to tell us if they are worried about their asbestos, for really good reasons, which are that we all together want to manage it and improve the situation.

Q109 **Chair:** I accept that. The problem is that, if you are a governor of a school and you say that you have asbestos, you are alarming staff and pupils, and without the money in your budget to resolve it, you are going to be in a very difficult position. Looking for and highlighting it can cause as many problems as trying to resolve it.

Susan Acland-Hood: In a sense, what the programme asks them to do is to show us what they know at the moment. Heads and governors want to do the right thing by the children in their school and, in general, will share the information. We are working through it, but we are chasing that down individually and, through the condition data collection 2, we will get a complete and comprehensive picture, because it will be part of the overall condition.

Q110 **Chair:** Will there be special funding to remove asbestos from our old schools?

Susan Acland-Hood: We don't have earmarked asbestos funding but we do make it a priority as part of the wider activity on condition.

Q111 **Chair:** Maybe compliance would be even higher if funding was earmarked, so you could say that you had asbestos and know you were going to get the money. When will we see asbestos out of our school buildings? Do you have a timescale?

Susan Acland-Hood: We don't have a target for the total removal of all asbestos. As you know, there is some asbestos that is better left in place than disturbed. The asbestos management assurance process looks at how asbestos that is in place is being managed well, and that is the critical thing. What we want is every bit of asbestos in a school being either removed or managed well in a way that health and safety colleagues tell us is best for the children.

Chair: I just hope that health and safety colleagues are maintaining a vigilant eye on how long something will last behind a bit of 1970s wood panelling and whether it deteriorates at some point.



HOUSE OF COMMONS

Susan Acland-Hood: I agree.

Q112 **Chair:** On page 45, the educational performance issues, which are, in the end, what it is all about, are listed by academy type. It is noticeable that sponsored academies in both the years listed have lower attainment results than convertor academies. I wondered whether you had any explanation for that.

Susan Acland-Hood: The sponsored academies are those that have effectively been encouraged to academise, typically because of their prior poor educational performance. Those are schools with a history of less good performance, so it is not entirely surprising.

Chair: Sorry, I misread it. I read it the other way round.

Susan Acland-Hood: We have seen that sponsored academies post-academisation outperform the schools they replaced pre-academisation. They are getting better but are starting from a lower base, because the sponsored academies are those that are in the programme because of previous—

Q113 **Chair:** We are talking mostly about educational attainment today, but I also noticed that university technical colleges have much lower results than other academies. Is that a model that is now going to be effectively phased out? It is the general direction of travel that we seem to have got wind of in these hearings.

Susan Acland-Hood: We see some very successful university technical colleges and others that have struggled. Of course, it is a model of movement at 14, which does not always readily fit into other parts of the system.

Q114 **Chair:** Is the model going to continue?

Susan Acland-Hood: We are not proposing to phase out university technical colleges, but equally, we are not particularly pursuing a universalising of them.

Chair: They have gone down in number, haven't they?

Susan Acland-Hood: We want to support the successful university technical colleges. They work very well in some places for some children in certain circumstances, and we want to continue to support them to do that.

Q115 **Sir Geoffrey Clifton-Brown:** Ms Acland-Hood, I read your comments in the introduction to the 2019-20 SARA report. Academies have come on a long journey since they first started in 2015, and we know that, by the end of July 2020, 9,200 state-funded schools—43% of the total—were academies. Is it your vision that all state schools should become academies in due course?

Susan Acland-Hood: To some extent, it is not for me to have the vision; it is for the Minister that I serve.



Q116 **Sir Geoffrey Clifton-Brown:** Is it Government policy?

Susan Acland-Hood: It is the Government's policy, yes.

Q117 **Sir Geoffrey Clifton-Brown:** Thank you for that answer. Over how long a period will that need to take place?

Susan Acland-Hood: You might have to wait for the schools White Paper to see the next steps on that. I don't want to eat other people's sandwiches.

Sir Geoffrey Clifton-Brown: We will wait with interest. Thank you very much.

Q118 **Mr Holden:** My final question is one that I should probably have asked at the start. At the start of the year, just before schools returned, the NEU put out some information, which was widely criticised as scaremongering, about the return of pregnant staff to education settings. I just wondered if you would like to comment on that and make it clear that there is no issue around staff who are pregnant returning to education settings, especially knowing all that we know now, several weeks on.

Susan Acland-Hood: For anybody who has any concerns, it is very important that they talk to doctors, but there is no reason for pregnant staff to be concerned about returning to school. I know that UKHSA and others would want me to say this: if you are pregnant, do get the vaccine. Your risk from the vaccine is significantly lower than other risks will be if you have not had it. That is important. We try to work constructively and closely with the unions wherever we can, but we will always try to talk to them about making sure that information that they are giving is helpful and accurate.

Q119 **Chair:** Thank you very much indeed for your time today. This is an area that we will continue to look at. From what you say, it is going to be a growing part of the accounts, if Government policy is uninterrupted by the outcome of the next general election. But I live in hopes that Government policy might be interrupted at the next general election.

Sir Geoffrey Clifton-Brown: That is a long time away.

Chair: In which case, Ms Acland-Hood will be serving another political master, but I dream on. Thank you very much indeed for your time, Susan Acland-Hood, the Permanent Secretary, John Edwards, chief executive of the Education and Skills Funding Agency, and Warwick Sharp, the director of academies and maintained schools at the Education and Skills Funding Agency. The transcript will be up on the website, uncorrected, in the next couple of days, and our report will be published in due course. Thank you very much.