HOUSE OF COMMONS

Education Committee

Oral evidence: Education in the north, HC 819

Wednesday 2 May 2018

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Watch the meeting

Members present: Robert Halfon (Chair); Lucy Allan; Michelle Donelan; James Frith; Trudy Harrison; Ian Mearns; Lucy Powell.

Questions 1 - 37

Witnesses

I: Rt Hon George Osborne, Chair, Northern Powerhouse Partnership; Lord Jim O'Neill, Vice-Chair, Northern Powerhouse Partnership; and Henri Murison, Director, Northern Powerhouse Partnership.

Examination of witnesses

Witnesses: Rt Hon George Osborne, Lord Jim O'Neill and Henri Murison.

Q1 **Chair:** Good morning. Thank you very much for coming today. Could I please just ask you, just for the benefit of the tape, to introduce yourselves from our left to right, and your positions?

Lord O'Neill: That is me. I am Jim O'Neill.

Chair: That is a good start.

Lord O'Neill: It is early. Jim O'Neill—Lord O'Neill. In this capacity, I am vice-chair of the Northern Powerhouse Partnership. I should probably also say in the context of this I am one of the founding trustees of a VC educational charity called SHINE, which, I guess near to a year ago, moved its physical presence from London, where it had been for nearly 20 years, to Leeds.

George Osborne: George Osborne, Chair of the Northern Powerhouse Partnership. It is good to be back.

Chair: It is good to have you back.

Henri Murison: I am Henri Murison, Director of the Northern Powerhouse Partnership.

Q2 **Chair:** In your report, "Educating the North", you stated, "Of all the requirements to deliver a meaningful Northern Powerhouse, there is perhaps nothing more important than high-quality education and skills". Could I ask what you mean by this, and how did you come to this conclusion?

George Osborne: Shall I start, and then I will let my colleagues speak? I should also say thank you to the Committee for asking us to come and give evidence. For us it is a real opportunity to talk about the report that we have put together with all the members of the partnership, who include businesses, local government leaders and others, including those in the education profession, who care passionately about this subject.

The simple fact is educational performance in the north of England is not as strong as it should be, and it lags behind educational performance elsewhere in the country, particularly in this capital. We believe something can be done about that. It is not only good for the children themselves, so that they have fulfilling lives—and I do not think we should ever lose sight that that is the primary focus of education—but we also believe, with evidence, it will help address the long-term problem, which is that the economic performance of the north of England has lagged behind that of the south, and every reputable study you can find in the world suggests that the best way to improve productivity is to improve education outcomes.

The report not only identifies the challenge, but, we believe, sets out practical steps that the Government and Parliament can take, and indeed people in industry and in local government can take, to improve those performances.

Lord O'Neill: I would just briefly add—endorsing everything George said, but touching on the latter part and taking it to my previous life of thinking about many of the world's economies—that there is a lot of evidence that the ones that have the most sustainable growth, and certainly the strongest productivity, appear to, generally speaking, have more success than others on education. Secondly, linked to that, going to the core of the whole Northern Powerhouse concept, I have often said, and passionately believe, there are probably six separate ingredients needed to deliver the Northern Powerhouse. Education and skills are two of the six, and if one had to pick what ones were the most important, they are probably those.

Henri Murison: I suppose the only thing I would add is Collette Roche led this report from business—she was previously at Manchester Airports Group, and is now chief operating officer at Man United. The thing that she and other business people who were involved in this were clear about was that education wasn't just an opportunity for individuals—clearly its importance in unlocking people's own potential is important. The reality is the schools challenge in the north is also an economic problem that they perceive to have a material impact on their businesses.

The fact that, in the next decade, 430,000 young people will go to a secondary school that is not outstanding or good, and so requires improvement, or is inadequate—more than in London—is not just about those individuals' own stories, which I think is important. From a business perspective, that is such a big scale of a problem that it is materially impacting on economic growth and businesses' potential to grow. That is where we would link the work of this Committee normally, which does look at education, which I believe to be a right and important part of any child's life, with the realities of our industrial strategy, which, if I am being blunt, Chair, does not talk enough about skills and education. Particularly in the north of England, an approach to industrial strategies that does not address education and skills is the wrong one.

Q3 **Chair:** The Children's Commissioner's report quotes a number of statistics demonstrating clear social injustice in the north of England. I do not need to recite them again here. Why do you think it has come to pass that there is so much social disadvantage in terms of education and aspiration in the north? Why are we at this situation?

George Osborne: That is a very big question about the economic and social disparities in our country, which have grown up over 100 years. When I was in the Treasury, we looked a lot at what we could do to try to improve the economic performance of the north of England. I think there are solutions to that, and you see some improvement. If I can answer the question with a contrast, which is, over my lifetime there has been a

dramatic improvement in the state of London schools. They have gone from some of the most challenged, in some of the most challenging areas, with big diversity and a lot of disadvantage. Yet they have managed to take good secondary and primary schools and make them excellent. That, to me, proves it can be done.

I think the north has not had that focus. It has not had a collective effort from national Government, local government, the private sector and the teaching profession, even though there are some fantastic teachers, of course, working hard today in those schools to improve the educational performance of the north of England, and I think it can be done. My experience of policy making in lots of areas is that if you throw effort, attention and reform at a problem, it can be solved—a problem like this. I think it is partly just lack of attention over many decades.

One of the things I want to stress right from the start is this is a deep-seated problem. I was deep in the thick of party political battles in the years I was an MP in the Opposition and in the Government, but we are trying to put forward an approach that will command support across the parties. Henri used to be a Labour councillor and is a member of the Labour party. Jim is a cross-Bench peer. I am a Conservative and a former Conservative MP. Our partnership has on it the leaders of Liverpool, Manchester and Sheffield, as well as the Conservative mayor for Teesside. So we are trying to present to Parliament, and more broadly to the country, an approach that will last beyond any one Government, beyond any one Education Secretary, beyond any one White Paper. We think a sustained effort on improving education in the Northern Powerhouse will yield real results.

Lord O'Neill: Just one thing to add. George summarised it fantastically again. I think, Chair, you know this—I am familiar with a number of your Committee members, and you all appreciate aspects of this—but one of the most revealing things we discovered in the deep research we did for this paper is there was an enormous amount of volatility within the north. So it is important to not assume this is true for everywhere in the north. Linked to some of the specific recommendations we put forward, homing in on pockets of the north—or, what I would especially like to emphasise, key parts for the Northern Powerhouse—would make a lot of difference. There are parts of the north where the attainment levels are what one would see in most successful parts of the country.

Henri Murison: I suppose the only thing I would add on the specifics behind the data that both Anne Longfield, as Children's Commissioner, and ourselves presented, is that we tell pretty much the same story, because it is a very clear and obvious case once you look at the data. The point about long-term disadvantage is very specific to the north of England. The demography means that there are parts of the north that are very different, particularly to London. There are not just large numbers of families who are in long-term disadvantage; there are also a lot of them that are not in BME communities. That gives the north a

particular character, and there is a stubbornness about some of those problems. That does not mean that schools have not made every attempt to resolve those issues, and in fact some schools do make very good progress on Progress 8, even with the most disadvantaged cohorts.

The issue we have found is that not enough schools are doing what the best schools are doing in that space, and that is one of the reasons why, as Jim said, we think we need a centre to look at what works in transforming schools in disadvantaged areas, because some schools in the north are getting it right, and some of the best schools in the country for getting kids out of poverty and opening their aspirations up are in the north. The issue is that, numerically, they are a small proportion of the schools, and there are a large number, unfortunately, which have been in and out of special measures in the last 10 years. A focus on education policy that I think has been predominantly from Whitehall and maybe has not understood the north has meant that, despite well-intentioned Secretaries of State over the last two decades, no one has ever come to grips properly with the problems that face the north. That is not because of a lack of effort; it is just the reality of the Department being focused in London.

Q4 **Chair:** Could you answer briefly? My colleague, Lucy, is going to ask about early intervention in a bit. You talk a lot about it in your report, should the 30 hours a week of free childcare, which was extended from 15 hours, be given to non-working parents in the north?

George Osborne: I designed the policy. The first thing I would say is we have to improve the take-up in the north of England. It is there, and it is paid for by the taxpayer, available from the Government, and I think we should make a determined effort. In Manchester, if I may, Lucy's efforts in her constituency have demonstrated that you can improve take-up. I would focus first on improving take-up. I would be happy to look at what you do for non-working parents and the childcare offer, but the Labour Government's childcare offer was originally always designed around working parents. Of course, having parents in work is absolutely key as well to social outcomes for children on average.

Lord O'Neill: There are some great things I am sure we will come on to discuss about the early years, and indeed we have specific ideas about it. But from my perspective, particularly taking it back, and in the spirit of what George said about the remarkable improvement in London, with the proviso there is a lot of volatility, at primary, as, again, many of you know, the north does not do so badly relative to elsewhere, but the striking thing is the deterioration that goes on through school years. Linking it to my SHINE experience, which has lived through this whole period of spectacular improvement in tough places of London, that also gives me significant hope, particularly if you can improve the early years bit. With the right sorts of things, it should not be as difficult as it seems to get it right.

Henri Murison: I would say, on the two-year-old offer we focused on in the report—it is important that is there—one of the things that worries me is that, although take-up in the north is already higher than in other parts of the country, it has not necessarily been universal.

In parts of Bradford, where I happen to live, take-up varies massively between different communities, and I think that, often, those communities who benefit most from the two-year-old offer in terms of places are the places where take-up is the worst, and I think we need to address that. One of the challenges of what we are looking at here is that these schemes are available, but how local areas have applied them as part of their wider offer for the early years has worked very differently. So the way that the two-year-old offer has worked in Manchester has been more effective because it is part of an integrated system. If we had an integrated system for the early years, then I think we could make a lot more of the two-year-old offer within the existing funding environment.

Q5 **Chair:** In your report you mention the Pupil Premium. We have had a fair bit of evidence that the Pupil Premium, across the country, is not necessarily being spent in the way that it should be. You say it should be used for better targeting for the disadvantaged by allocating more to pupils eligible for free school meals throughout their schooling. Can you elaborate on this, and do you believe that the funding should be ring-fenced in terms of the Pupil Premium?

George Osborne: I was there at the introduction of the Pupil Premium, and I think it has been a very good and successful policy, but it is perfectly reasonable, after it has been in place for some years, to assess how you can improve it.

When originally introduced, it was for people on free school meals, and then it was expanded to include anyone who had ever been on free school meals. What our report and the research we have done shows—I should stress that behind this report there has been a huge amount of consultation with school leaders and others—is that it is people who are persistently on free school meals who perhaps need additional support, or rather the school could get the additional support. One way of reforming the Pupil Premium would be that the longer a child had spent on free school meals, the higher the premium would be.

This is wearing a different hat than I used to wear. One of the problems in the education budget is you get a whole load of new initiatives from every new Government and Secretary of State, and everything is shiny new and has its White Paper and a statement in Parliament, and everything, therefore, is committed to be ring-fenced. Then, eight years on, 10 years on or whatever, you can find it is not necessarily where you want to be deploying your resources, and it is embarrassing for the Secretary of State or the Government to say, "Well, we are taking money out of the ring-fence". I am personally, as someone who was Chancellor of the Exchequer, not a massive fan of ring-fencing. That is not particular

to the Pupil Premium; it just would be a broad observation about how to run to public finances.

Lord O'Neill: Two things to add on this. In our thinking as to how we would put the report together, as always you try to home in on what are the big things that would make a difference. I am very persuaded that, in focusing on the length of time that a child is in that vulnerability of disadvantage, the Department of Education and Ministers have to think more cleverly or—it is not that difficult—more specifically about making sure they get more of the Pupil Premium, because, from the overwhelming evidence—from what we and many others have done—it makes a difference.

The second thing is as an aside. I have thought about this for so much time in the past, but it is not something we focused on in this paper. Another idea that has gone on in my mind is how the Pupil Premium is subsequently used in terms of the Education Endowment Fund or/and the Department. Somehow trying to signal more effective interventions could possibly get even more leverage in terms of just having it as a menu of, "Here is everything that can be done". That is also something that I believe in, particularly if it was applied to greater influence over true disadvantage.

Q6 **Chair:** You also say that you could use bespoke careers guidance and workplace learning for those receiving Pupil Premium funding.

Lord O'Neill: For example.

Q7 **Chair:** It sounds like a great idea. Just to understand, would that come from the Pupil Premium budget directly? How would it work in practice? How would you make it happen?

Henri Murison: The proposal there is that that is additionality to Pupil Premium. Particularly around the way we link it together, you should not see these things in isolation. I think one of the challenges is that we know that one of the biggest barriers for young people from more deprived backgrounds is they do not have networks and family links to allow them to access employment in the way that others would. They particularly do not necessarily have the reference points in their own lives around what a job in Manchester city centre, working in a law firm, or what a job working at Sellafield, for instance, looks like if they happen to not be in a family that has done well in the past. I think that is the point that we are trying to make.

What we also found is, within pupil referral units and within special needs settings, careers provision is particularly challenged in the country right now. Rather than leaving those things until the end, we would take the view that if we are trying to genuinely open up opportunity, we need to fix opportunity unlocking for those that have the furthest distance to go to the local market.

Q8 **Chair:** Do you think the Government's Career Strategy announced at the

end of last year will make a difference, or do you think it needs to be much stronger?

Henri Murison: I do not think it is focused enough on the hardest to reach but, again, working with the Careers & Enterprise Company, who we have been collaborating closely with, we believe that, in the north, we can make the case and demonstrate what a career strategy focused on harder to reach young people looks like.

Q9 **Chair:** You talk a lot about skills—

George Osborne: So do you.

Chair: That is why it is music to my ears. In fact I describe "degree apprenticeships" as my two favourite words in the English language. You say you want to be the degree apprenticeship capital, in the north. How would you make this happen in practice? Should we use the levy? Should part of the levy be, dare I say it, ring-fenced to support more degree apprenticeships? How do you make this happen in practice? Because wherever we go, whenever we speak to universities—it does not matter whether it is the University of Essex to Nottingham Trent or whatever—there is a huge amount of bureaucracy in getting degree apprenticeships off the ground.

George Osborne: Yes, which is very frustrating. Again, you need an application of Government effort to reduce the bureaucracy in situations like that.

We are speaking from the northern perspective here. Our partnership has some of the largest employers in the north on it. You need to start by leading with examples. For example, Siemens, who are part of our partnership, working with Trafford College and Salford University, are pioneering these degree apprenticeships. The University of Coventry, with its campus in Scarborough, is doing that as well. So, rather than thinking it needs another Government White Paper or whatever, what it needs are good examples, and I would have Government working hand in glove with a few large employers, colleges and universities to get it off the ground and get it working.

Q10 **Chair:** It is about leadership.

George Osborne: Yes, and practical examples of it working. It is a fantastic opportunity and addresses the problem you repeatedly point to in our country, about the different treatment of higher and further education. This seems to me a very good idea, but we need to have more examples of it being successful and then spread the good practice.

I would say that an unusual thing about the Northern Powerhouse Partnership is you have us involved, you have these council leaders involved and you also have some of the biggest businesses in Britain involved, and I am not sure that any other forum brings everyone

together like that. I think one of the things we want to do ourselves anyway is take this work and demonstrate it in practice in the workplace.

Q11 **Chair:** This includes UTCs, because you talk about UTCs. I know a number have closed, but are you saying that we need to boost them in the north and that 14 is a good starting point or not?

George Osborne: To be honest, the history of the UTC was it started right at the end of the Blair/Brown Government, and there was a trust called the Baker Dearing Educational Trust that oversaw it. Ken Baker is passionate about it, and we expanded it under the Conservative coalition Administration that I was part of. There was a question mark about starting it at 14. There is an argument, which I was digging into before I left office, which is moving school at 14 is not always the easiest thing for people to do and they are reluctant to do it. So in terms of whether the Government should allow more flexibility in the UTC model, and perhaps have kids starting earlier, I do not doubt it has worked very well in some cases, but it clearly has not worked in others. If I was back at the Treasury, I would be looking at that.

Henri Murison: To add to that, the reality is that the competition within the school system has clearly been one of the challenges around the UTC model and the lack of collaboration. In terms of the ones that have been the most successful in the north, in Liverpool, for instance, there is a particularly good example, the UTC in Warrington is, again, doing very well, and there is Leeds. I think we have probably been more lucky in having more of the successful ones, and we obviously have particular success in Cumbria, where you have a UTC and a mixed economy alongside a national college, and you have some phenomenal assets all serving the economic needs of Cumbria.

Where we are in terms of how that contributes to the wider system is that, in reality, it is about a diverse economy in our view. For some young people, that is the right option at 16. For some people, it might be an apprenticeship. I think we need to have more choice around work-based learning, and what UTCs give us is just a bit more flexibility in the system to allow for people to provide not just the straight academic curriculum. I think the challenge, Chair, is that at the moment we do not yet have parity of esteem between work-based learning and university. I think UTCs can achieve what they were set out to do, which is to be shining beacons, and Crewe, for instance, does this. It has an association with Bentley; they have cars literally in the UTC. It is a readymade workflow of kids who are having their aspiration raised that those jobs on the production line, if they want them, are theirs for the taking.

Where the model works, it is very successful. But, as George alludes to, competition between schools has led to some quite perverse outcomes, with kids literally being protected from UTCs and not told about them, and in other cases, to be blunt, schools trying to offload pupils into UTCs deliberately because they do not want to teach them. I think that is not a great reflection on the school system. Ironically, in some places it has

already turned off local employers from their secondary heads, because when they see secondary heads behaving like that, it does not do a lot for building relationships between businesses and the school system.

Q12 **Chair:** I was just glad that you put the UTCs in the report and that you believe in the concept. Just quickly before I pass to Ian—this is a segue into what Ian is going to be asking—in terms of the school improvement landscape in the north, you have so many different structures. You have opportunity areas, education boards, teaching schools and so on. How do you intend to navigate through this and not set up yet another structure to solve serious problems, because all that has been going on has clearly failed in the most part to transform outcomes for children?

George Osborne: I come back to my original point, which is you need a determined effort, a national effort, to turn around education performance in the Northern Powerhouse, and we should set ourselves the ambition that as many kids in the north of England go to good or outstanding schools as do in London, and then we would have opened up opportunity in our country. That is the overall ambition.

One or two of our key recommendations touch on this. It would help a lot if this initiative was driven from the north of England. I think the regional school commissioners—I know why they were introduced—are part of an alphabet soup of all these different things. Proposing creating an overarching Northern Powerhouse education board that sits on top of things like challenges with multi-academy trusts, school improvements, opportunity zones and the like does not mean it is separate from the Government necessarily. For example, Transport for the North has the Secretary of State as a member of that board, so you do not have to make it completely separate from national Government; indeed, if you do, you might not buy the national Government in. But we suggest that you should declutter all this space and use the fact that the north, despite some strong, obviously local loyalties, does feel itself as an area that has a connected challenge. That would simplify things quite a lot, and also give the whole thing ownership in the north of England.

This might be a reflection on broadly how the country is governed and has been for many decades. Hackney is an outstanding example of an area where schools were improved over 20 years. The truth is that the people who were in charge of doing that knew the officials at the Department for Education, and the politicians in government would often know the head teachers involved—it was 30 minutes from here. You could direct that central national effort at an area not very far from the Palace of Westminster. I think that is more challenging in the north of England—I say that as someone who was an MP in the north-west for many years. You have seen the improvement with Transport for the North in how it has enabled areas to think collaboratively about what they want from national Government, and the same could be achieved in education if you decluttered this space and had a single northern education board sitting over this challenge.

Q13 **Ian Mearns:** I represent a constituency in the north-east of England, and I notice that one of the recommendations—of the top five recommendations—is about the absence of an opportunity area in the north-east of England. *[Laughter.]* This is something that I have never mentioned before in this Committee—apart from the odd dozen or so times. Why is it, do you think, that the Government put themselves into a situation where there is not a single opportunity area in the whole of the north-east of England—an area covering 2.6 million people, with a distinct geography, a sort of cultural heritage and so on?

George Osborne: They came up with 12 original opportunity zones—five, I think, are in the north, but none are in the north-east. I would hope, if the programme expands, which we think it should, then the north-east should be the location for at least one, if not more, of those zones. It does bring together different schools—some can be doing well, and some doing not so well—in a single area of disadvantage and try to improve the whole. We are a fan of that initiative, and we would want to see it expanded into the north-east.

The north-east has an interesting opportunity, if you look at our report, which is that primary school education is excellent in the north-east. Also in our report we talk about the work that the Local Enterprise Partnership is doing on careers, and that is excellent too. Yet the north-east is struggling at a secondary school level, despite the very hard work of the teachers there. That suggests to me there are lots of good ingredients to build on there, not least the excellent primary education. There is no reason why the secondary schools in your constituency and more broadly in the north-east cannot be the best in the country. So I very much would support them.

Q14 **Ian Mearns:** Can I make an observation? Prior to the credit crunch, schools in the north-east of England, and particularly in my constituency of Gateshead, were improving year on year. That was both primary and secondary. Since the credit crunch, with the rise of much more precarious employment, greater levels of unemployment in the north-east than there are in other parts of the country, and persistent levels of youth unemployment, there has been a drop-off in aspiration among secondary school pupils. We need to address that. How do you think we can address that? Otherwise, there is a danger, if we can carry on and improve schools and education outcomes for youngsters there, that we will continue doing what we have done for decades, and that is export people. Once they are educated, they will move, because the nature of employment for a broad swathe of people is just not good enough.

George Osborne: The north-east was one of the hardest hit areas by the financial crisis, which was very unfair, given it was not the centre of banking in the country. That is what happened. When the economy takes a shock, sometimes it is the poorest and most disadvantaged areas that are going to get hit hardest. We have worked very hard as a country to try to improve things in the north-east, and employment has gone up and unemployment has gone down.

I would suggest—this is risky—that I would love devolution to take a further step forward in the north-east of England. I noticed in Manchester, where devolution is the most advanced—I represented a commuter-belt constituency—that the local authorities got together, and they got the devolution of the health service there, which has been so important in some of the early year interventions, and it is a real success. It does not mean there aren't still local rivalries, and Manchester is as proud as anything—

Q15 **Ian Mearns:** George, I was chair of the campaign for a north-east assembly prior to the 2004 referendum. We are in favour of devolution, but I think there are an awful lot of people who are reticent about the mayoral model.

George Osborne: That is why I said I would step into this space with a bit of trepidation. Again, dare I say it, Teesside is benefitting from having a mayoral authority that can bring together disparate communities, which have lots of local friendly rivalries, and I have noticed that it has given Teesside a voice. I would just express the hope that, in the northern part of the north-east, something similar could happen, but that is not my role anymore, and I will leave it to the local elected politician to sort it out.

Lord O'Neill: Let me say a few things—some in the context of George's last answer to the Chair. I was a friend of Clive Bourne, who was the first person to sponsor an academy, right at the start of the Hackney Learning Trust, and I knew Mike Tomlinson, who was the guy that drove that. In the spirit of not setting up a whole series of new things, the opportunity area concept—what is it, 15 months, 18 months old?—is the new kid on the block. From my history of all this stuff, the attraction of it is it is like a version of the Hackney Learning Trust, in focusing on areas of real disadvantage. One of the remarkable things with all the evidence we have put together is this striking thing about not having an opportunity area in the north-east, with its history and the challenges going back 50 or 60 years, never mind what has happened since 2008. Then, in the middle of it, there is staggering evidence that, at early years, it seemingly does not only better than the rest of the north, but better than the whole country, and yet by secondary it falls off the charts. It would seem completely tailor-made for aspects, 20 years forward, of what happened in Hackney and other places in London.

To come to the precise thing about your original question—sorry, just two last things. Under the stated criteria of what constitutes an opportunity area, it is not easy to put the whole of the north-east, or any part, into it. But I am pretty sure—this is one of the reasons we were eager to highlight it—that there is an appetite to explore and link to the aspects of the devolution model.

Risking your slight ire, the places north of the Tyne, where we are going to publish something about devolution in the next two weeks, are, it seems to me, going ahead, and they might be in a position to directly benefit from this in the way that George has said.

Q16 **Ian Mearns:** I understand the reticence on ring-fencing—being from a local government background, I can totally accept that. But in terms of the improvements in places like Hackney—and we are comparing and contrasting between London and the north of England—places like Hackney benefitted from a sustained programme of investment through the London Challenge. If we had a sustained programme of investment and a programme like London Challenge for many areas of the north-east of England or the north of England, I am sure that we would find significant improvements there as well.

Lord O'Neill: I would suggest to you, in the spirit of what I have just said, that—certainly for those north of the Tyne that appear to be going ahead, with enthusiasm from Whitehall, for their own devolution deal—this indeed gives them that exact opportunity that you have outlined.

Henri Murison: I think the thing I would add is that the link, from what George was saying earlier, is with what can Northern offer. I would argue that, in terms of schools with lots of these challenges, wherever you are—you could be in Trafford, and some of the schools in Trafford have some pretty bad performance outcomes for disadvantaged kids, and that is the most affluent part of the north of England, bluntly—you need to have an offer for all those schools, and we need to have a way of linking those together. So that might be local collaboration, say, in west Cumbria—businesses, the four universities with a stake—including Manchester—in Cumbia have all come together to try to address these problems. That is not necessarily about money. That is about having that local convening power, and Hazel Blears and other business people are all involved in that because it is the right thing to do.

I think, though, when it comes to disadvantaged schools, if you take the money we would get from a fair allocation of Pupil Premium, and add it together with knowledge and expertise about what works in disadvantaged schools, that works for every school in the north-east, in the north-west and in Yorkshire, regardless of where the opportunity area is. I think that is the solution for schools that are not concentrated.

I still think that, in areas, though, as you say, Ian, where there are problems that go beyond the school door, the opportunity area policy also has to refocus from a genuine zero to 25 focus. Some of them so far have been too focused on one part of the education system exclusively. If opportunity areas are going to work, they exactly have to respond to your agenda of thinking about, "My outcome is getting young people into a great job and giving them a future, giving them a chance. How do I go back to when they were born and make that happen?" If the north-east got opportunity areas in some of the most challenging communities, that is what I, if I was still living up there, would do with it.

Ian Mearns: I would reiterate, though, that before the credit crunch, we honestly were seeing kids who raising their sights and raising their aspirations. Now, I am afraid to say, particularly with middle-band kids, there is an awful lot of, "Well, what is the point in going on?" We need to

do something about that.

Q17 **Lucy Powell:** Thanks very much for coming in. I thought the report was excellent and I welcome it. Just a couple of opening questions. I know that you are sensitive to this. Do you think that there is a danger of doing down the north a bit with these types of reports that might suggest all education in the north is bad, and that we need do more to create a self-reliant system? I think you alluded to that in some of the answers you have given, but do you think there is a danger of that?

George Osborne: All of us in our partnership are passionate about the north of England and how it can be greater still. The whole concept of the Northern Powerhouse was that we can take some fantastic things and make them better still by working together. One of the reasons for focusing on the north is because it has a unique opportunity with its history, and with the geographical proximity of the different cities, to make the whole better than the individual parts.

Education performance, as we show in our report, has improved in the north over recent years. It is not going backwards. It is just that the gap with the south, and in particular with the capital, has remained. That has been there for many years, and we can close that gap. So things are improving. They can just improve better still.

I am biased, but I think the Northern Powerhouse, as an idea, has given a sense of ambition to the north, brought together a lot of good things that were happening anyway, like better collaboration between the local authorities, and put them under a single banner. The partnership shows an enthusiasm for everyone still to promote that and for it not to be entirely dependent, dare I say it, on one Government, one Chancellor of the Exchequer or whatever. It now lives and breathes in the north; that is a great thing and is owned across the parties and across the communities.

Lord O'Neill: Oh gosh, Luce. First as somebody who was born there and brought up in schooling there and very proud of it, the best thing about it—and George's adoption of it—is it has made it a bit cooler and trendy. For somebody who grew up happily there and got to what I did in the world, I always thought it was like that anyhow. This is bringing more people into it and away from, "The poor's in the north. You have to give us this permanently, because otherwise we're never going to get anywhere." Aspirations and ambition, in a broader sense, are already, in my judgment, in some parts of the north, particularly the north-west, and are already showing signs of a game-changing trend.

Secondly, linked to that is one anecdote, which one has to be careful about. I cannot recall a time in my professional life where property prices have been beyond their peak in London for over three years now, and yet other parts of the country, including the north-west and some parts elsewhere in the north, are creeping higher. We want to be careful about

how far that goes, but it is a sign that it has captured the imagination of the business community.

I say all of that in terms of what is partly here in the education space, and I think about that in the London Challenge context. I have spent so much time speaking with people about what it was that helped London, and it was devotion of attention on the London Challenge, but there were a lot of other things that came too. Teach First came out of all of that, and, as many of us know, in the next generation it has become a very cool and trendy place to work. We need to start getting more of that into educational initiatives and to have a buzz around it that deals with what seemingly are intractable problems.

The last thing to say—it maybe came up specifically—is that another part of the beauty of some of our specific ideas is this frequently reoccurring thing, "What's so special about the north?" It is special because there are a lot of places close together that, if you get them working as a single market, will transform the national economy's performance. But in the specific nature of some of our educational and skills recommendations, other disadvantaged parts of the UK are perfectly in a position to take advantage of them too.

Q18 **Lucy Powell:** Great. I obviously totally agree with you. I just want to see a self-reliant system where we show the best of the north, and I absolutely agree that the Northern Powerhouse banner has been an exceptional, good bit of marketing and it is helping.

George, maybe just a slightly cheeky question to you if you don't mind.

George Osborne: I am going to call you Lucy, not Luce.

Lucy Powell: That is what my family call me—don't worry. Obviously, in the report you are advocating more local early intervention, more in the early years and more of a place-based approach to school improvement. If I may say, these are not the directions of travel that were taken in your time in government, so have you had a change of heart, or is that something you wish you had done more of while you were in the government? It is just what people ask, isn't it?

George Osborne: We came into government in 2010—it was a financial mess. I tried, as Chancellor, to turn it around, and people will judge whether we did that or not. We were moving towards—certainly I, in government, was moving towards—a much greater devolution of power, responsibility and resource to local areas, and I started that about halfway through my chancellorship. Greater Manchester was the outstanding model there. I would hope that other areas follow Manchester's lead in getting the health devolution.

I would say that, whatever the level of resource—and I would argue the education budget went up under my time—it is better if that resource is spent locally by people who know the local area and are working with other people who have budgets. One of the frustrations that I saw in

office was you would have your health service budget going into Manchester, you would have your education budget going into Manchester, you would have your skills budget, and you would have your business support budget, and of course none of them are talking to each other, and they are all operating in silos, which, sometimes, the NHS is the worst offender at. That is why some of the very exciting things that are happening in early years in your constituency and elsewhere in Manchester have, I think, been enabled, in part, by that devolution.

The thing that I became very passionate about as Chancellor—by the way, I think all the temptations of the job are to control everything from your desk in No. 11—was to say, "I am giving all of this to the local elected representatives and the local mayor". It is something that I came to be a big and fervent supporter of. I think I had a change of heart in office rather than after office.

Q19 **Lucy Powell:** I agree with that. I agree with what you said earlier about ring-fencing, because it is the coming together of these place-based budgets that can fully integrate and tackle the root causes of disadvantage. You do not quite go as far as this in the report in terms of making sure that school budgets, for example, are in that mix in somewhere like Greater Manchester and the other players. So the biggest beneficiaries of early intervention in the early years in budgetary terms would be the criminal justice system, DWP and so on. It would not be local government or necessarily schools. What is the next iteration of that so that we can tackle some of these root causes on a place-based model?

George Osborne: The NHS has been a very big step forward, and it is not replicated elsewhere in the country, including in London. I think that has helped with a lot of the work that has happened on the early years.

On criminal justice, again towards the end of my time in office I was becoming a big advocate for devolving aspects of the criminal justice system, but particularly the Prison and Probation Services. I had a big female prison in my constituency. The system would take these women and they would be released from prison, and there would be no one to pick them up. These were obviously some of the most vulnerable and fragile people in our country, and you would want that all integrated at a local level.

On welfare, it is more challenging, because I think we expect that if you are unemployed in one part of the country, you get the same Jobseekers' allowance as someone else in another part of the country. I remember having ideas put to me about devolving welfare payments. I suspect the House of Commons would have a very big problem with that, and I certainly never went near it.

Education is a bit more complicated, and of course it is the focus of our report, because the thrust of reform has been away from local authority control towards individual schools, teachers and governing bodies having control of school budgets. I think that has been a very positive thing and

has led to a big improvement in results across the country over 15 to 20 years, but, nevertheless, you have ended up with, at times, a lack of co-ordination. Things like regional school commissioners have back-filled to a degree some of that lack of co-ordination, or have been an attempt to back-fill some of that lack of co-ordination. Therefore, I think what we are proposing here—and I know some of the things you have been looking at—is, again, an attempt to provide a bit more local or regional co-ordination for what is happening in the education system. Rather than just saying, "Let's return the academies to local education authority control", which I think would be a mistake, we are saying, "Let's have, in areas of disadvantage, like opportunity areas, more co-ordination. Let's give elected mayors more control over adult skills budgets".

Q20 **Lucy Powell:** What about maybe local metro mayors having a schools commissioner that is accountable to them for that area. I think one of the challenges we see in Greater Manchester is getting schools to the table. There is no stick there at all; it is just carrot.

Ian Mearns: Include academy chains, though, in that as well, because they are largely unaccountable.

Henri Murison: I think this is the "two levels of accountability" problem.

Lucy Powell: Yes.

Henri Murison: I agree with Lucy that, with the regional schools commissioners at the moment—it is not the individuals, and the ones that work in Manchester are very popular people—the job they have been given is impossible. So it is not a statement on their performance; they need a big enough scale to take and to see what is happening in MAT. Obviously we had, in the north, one of the biggest scandals of the last couple of years, in the form of Wakefield, which had a massive impact on the life chances and the education of the young people affected.

So none of the RSCs, necessarily, have enough of a wide view to see the whole of a chain, but they are also too remote. For instance, in Bradford they have an opportunity area, but they complain very vociferously that they also need an RSC, a regional schools commissioner, the way that Manchester might, because they have a lot of challenges, and the reality is the people involved, if their job is to do school improvement, are not hands-on enough.

One of our ideas, particularly around the new board that George described, is to, in some cases, passport up things like RSC governance and RSC performance, and the chief executives of some of these chains are doing a good job. Co-op Academy in Manchester is one of the best MATs in the country. They are almost going to quadruple their size. Who is going to support them to look at the north of England and work out, based on Leeds and Manchester, where they have a footprint and where they can best expand, and support them to put their investment in the right places so we maximise it? At the moment, what they will do, bluntly, is get a phone call on a Friday afternoon about what school they

might want—it could be anywhere in the north of England—and that is not a suitable way to manage an academy system.

When you ask people in the Department, I think they also agree that, in terms of the way it is currently done, it is not because anyone is not trying, but the system has set people up to fail, and the good ones do not feel supported, in my experience—never mind challenging the bad ones and the ones that need more help to improve.

Q21 **Lucy Allan:** I would like to congratulate you all for this report and the recommendations that you have come forward with. What I would like to talk about is implementation, execution and delivery. Where do we go from here? How do we take it forward? Henri, perhaps I could start with you. What do we need to do next to make a reality out of this fantastic report?

Henri Murison: I think we are very clear that the Comprehensive Spending Review will be the place for some of these changes. I am very hopeful the Prime Minister's personal interest in this area means that, particularly around Pupil Premium, we will see progress. However, some of these things, we can start doing without the need for Government money, particularly in the area of companies committing to do more on careers education. We have already had 100,000 commitments to influence individual children every year from businesses around the north. In all those cases, that is dramatically more people than those businesses employ, so it is a significant scalable commitment.

We have also been working with people like Ambition School Leadership, looking at how we can pilot some of these interventions—particularly our new support for schools that want to transform learning for disadvantaged young people. We believe that we need to prove that that works before we do it at scale across the north of England. We have been talking to a number of local authorities, but they have also been working with a number of their partners to get to the point where we can mobilise that very quickly. As far as we are concerned, we do not have the time to wait. We have set ourselves this very ambitious target—that we would like the Secretary of State to also adopt—to close the gap with London by 2022. We have started already seeking to implement many of these proposals.

What we have also done, working with DfE, is suggest that many of the pots of money that were very helpfully provided by the previous Secretary of State still have not been spent yet. In order to improve teacher retention, which is the north's particular issue, rather than teacher attraction, we have some sensible ideas about how to spend that money, but linking it up with things that we would be doing in other areas of the north so that we maximise the investment. We are hopeful that DfE will ensure that any national programmes that impact on the north are aligned to a coherent plan, rather than money just being spent the way it may have been spent in the past, where, essentially, things are given to good people to deliver, but people who, perhaps, do not

understand the context and the local situation where they are trying to deliver.

Q22 **Lucy Allan:** Has there been any dialogue with Government yet around this? Have you discussed these recommendations with Government?

George Osborne: The short answer is yes.

Lucy Allan: Brilliant.

George Osborne: We regularly talk to the national Government. The local government leaders are part of this partnership and sit on the board. We are going to go off after this meeting to Manchester to chair the board meeting of the Northern Powerhouse Partnership. The local authority leaders are part of that.

I think, to answer your question, first, it needs the Select Committee to say, "Great report", as you should have said and, "Government should get on and implement these ideas". Then, secondly, you need the national Government to say, "One of our big ideas is we are going to improve education in the north of England as part of building a Northern Powerhouse, and we, the national Government, will be judged against this. This is our big plan, and we are going to get on with it". From that, lots of things will flow, and then all the different Departments' initiatives will take off, but you need the overall ambition and the overall leadership to deliver that.

Q23 **Lucy Allan:** Are you personally going to stay engaged and interested in pushing this forward?

George Osborne: Yes, absolutely. With my colleagues here, we created this partnership, and it now has a permanent staff—some of them are here—doing a brilliant job. It has succeeded beyond what I possibly thought it might when I set it up in 2016.

Lord O'Neill: I just raise one thing for you, as a Committee, to probe. Under George's time at No. 11, and my brief time as a Minister there, there was a Northern Powerhouse education—

George Osborne: Very distinguished time.

Lord O'Neill: Yes, exactly. There was a Northern Powerhouse Education Fund announced, which afterwards was increased in size. I am not aware of that being spent and linked to some of the specific ideas. Taking it back to what Henri said earlier, some of that, I am sure, could be used for some of these initiatives that do not require anything to do with a spending review. You guys have been in a better position to probe that than us, I would have thought.

Q24 **Lucy Allan:** You are right to say that this Committee can have a role in helping to drive this forward, because there is a lot of overlap in our esteemed Chairman's agenda for the Committee and some of the issues that you have come up with. I think that is why we are so supportive of

what you have produced.

Henri Murison: To return to the point about degree apprenticeships—this is in no way to curry favour, but they are very much our favourite words as well—UCLan University is already allowing some of its undergraduates, from this September, to switch to a degree apprenticeship through their undergraduate course. I think they will be the first university in the country to do that. We are not just talking about this; we are working with partners to start making this happen.

Then, I suppose, the invitation to Government is, like with anything else that is going to have this scale of ambition, it cannot just be Government that plays a part. I think the Secretary of State has a group of willing people from across higher education—from across the system—who are prepared to make this happen and are already committed to making it work. What you will find is universities like Leeds Beckett, for instance, or like Manchester Metropolitan, whose ambition is, themselves, to be leaders in these fields. What we are finding is that the level of commitment to the report and to trying to make some of these things happen has definitely been convened by us putting this central focus in.

Many people who have, for a long time, banged their head against a brick wall—SCHOOLS NorthEast, to credit them, have been arguing for significant intervention in the north-east for a long time. There is a good evidence base, and we have not started from scratch. We are working with all those people to make sure that the things we do and that we ask Government to implement are going to be exactly the right things for those communities. This is a historic opportunity, we believe, to make a success of it, and we are not going to get a second chance, so we need to make sure that what we do has the biggest possible impact, particularly in those communities where the disadvantage gap is the biggest.

The figure that Anne Longfield quotes is the most concerning to me—that half of those kids who are going to schools that are less than good or outstanding are from disadvantaged communities, and I think that is a disgrace, personally. That motivates a large number of people in the north of England to do something about this, because they understand that it is absolutely fundamental to building the sort of country that the Prime Minister said, when she entered office, that she wanted to create.

Q25 **James Frith:** Morning, everybody. Excellent report; absolutely brilliant—good reading. I wondered if you could develop your thoughts on a skills plan for the north, and whether or not we should visit, or revisit, personal skills budgets as an ultimate devolution for skills and people in the north.

George Osborne: Our Governments of all persuasions—Labour, coalition, Conservative Governments—have tried to improve the skills of the country, and yet any international study will tell you that one of Britain's problems— it is markedly more of a problem in our country than, apparently, in very similar western countries on our doorstep—has been poor skills. There have been endless reorganisations of further education.

I think in my time as an MP I saw maybe four or five different attempts to reform the qualifications and have different new initiatives. I remember as an Opposition MP that, every two or three years, the Labour Government would come up with one of those things, and in government I saw that happen with us as well. None of it, at the moment, has worked. I would be personally wary of another big national initiative. I would be looking into the devolution space and moving towards where you have successful local devolution working giving more control to both the elected leaders and the businesses. The business community will, to a person, complain—they sit on our board—that the colleges are not doing the courses they need, except in some outstanding cases. Find a way of doing that.

Maybe I am misunderstanding you on whether you are going to go to individual learning accounts and all of that. I remember when I started as a junior Opposition MP, that the Labour Government had a massive problem with that, and there was a big fraud problem with bogus courses. I do not know if you could design that to be fraud-proof. No system has to be entirely 100% devoid of abuse, because in the human world you cannot create that. You just need to police it and punish those who offend. The problem with individual learning accounts was industrial-scale abuse. Whether you could revisit that policy and find a way, I do not know. All I remember is that, even when I turned up in government many, many years later, any discussion of that—

James Frith: Shut down.

George Osborne: There were red alarm bells going, "Individual learning accounts: we don't want to touch that". It has been a long time, and it may be worth revisiting that and seeing if there is some way the money can follow the individual, the individual can be more empowered and employers can ensure that educational courses are relevant to them. It would be in the devolution space. I guess what was missing from the ILAs was the local devolved element that now exists, and I would introduce that.

Q26 **James Frith:** The highest proportion of levy-paying employers are in the south. Short of relocation—Jim, you said there is a suggestion there is movement north, which is great, and we have seen some big organisations encouraged north—should we, as well as that, extend levy paying to smaller employers so their voice and their money is at the table?

George Osborne: There was always going to be a cross-subsidy, if you like, with money raised from employers in the south spent more broadly over the whole country. That was one of the reasons I was nervous when the policy was originally announced of giving the levy-paying powers to local authorities or local elected mayoral combined authorities. We live in a country where we would all like it to improve and change—that is one of the purposes of the report. Of course, money raised in better-off areas

is distributed in more disadvantaged areas. The levy is one mechanism for that redistribution, and that is a good thing.

Whether you can expand it to smaller employers, you obviously have to be careful about burdens on business and the cost of employing people. I would point to that, yes, we have very low unemployment in this country, but the last time I checked, GDP grew by 0.1%. Therefore, I wouldn't be rushing to impose additional burdens on small employers at this point.

Q27 **Chair:** It is only suitable for certain businesses. Why not just expand the number of big businesses? Instead of a wage bill of £3 million, you could have a wage bill of £2.5 million or £2 million?

George Osborne: It is not my job anymore.

Henri Murison: I think that is a debate. I do not think many businesses would oppose that, because it is one of the things people believe is useful and will potentially help their businesses. It isn't like a tax. Anybody who calls it a tax has the wrong idea of what it is designed to do and how it should work.

I would query your use of the statistics. Export figures and where people pay their levy are two of the most misleading bits of data that exist in national public policy. Burberry makes coats; they are very nice coats. They do not make them in London; they make them in the north of England, in West Yorkshire. However, if you check the national trade statistics, they tell you those coats are sold from an office in Smith Square, because that is where the tax is paid. If that factory was in Bangladesh, you wouldn't say the coats are made in London. In the same way, the levy for Burberry and the levy for many manufacturing companies is paid in the south, but the people who make those products—the people who work in those places and, most importantly, the people whose skills needs that money should be for—are in the north of England.

One of the things that some forward-looking businesses have done—Acenta has done it in the north-east—is, ironically, almost to over-index their spend of levy outside of London. Barclays is very much moving in that direction. It is not in order to export people. Ian, I agree with your comments earlier that that is the wrong thing to do. It is on the basis that if we want to create a high-skill economy—rather than having lower levels of skills in sectors like manufacturing compared to the national average, which is currently the position in the north—wouldn't it be a good idea if we over-index in skills. Then, when we start to talk to international companies about where they should locate—not just in the UK, but in western Europe and in the world—we can say to people that the north of England is the place where you have the highest skilled young people in the world. That is rather than skills being something we have to make excuses for and pretend we are going to fix next week. In reality, we know that is not true—it is going to take years to fix that. That is one of the reasons why we have been working so closely with Steve

Rotheram who, as well as being the metro mayor of Liverpool City Region, started his life as a bricklaying apprentice and working in the skills arena.

We have plans that we are developing at the moment alongside this report, which really was about education, to think more about skills. It isn't so much about writing a report. In relation to skills, we think what the north needs is to practically get on with showing what works in devolving funding, in the way that George has described. If we can prove the case, then I believe the adult education budget is just the start. What we really need is influence over the entire spend, from nought to 25, in an area and a place. They do not have that in Manchester yet, but I believe they should have, if not the cheques, absolute influence over that system to make it work for local employers.

Q28 **James Frith:** Do you think that responsibility for education is a natural next step for this project—to be responsible for zero to 25?

Henri Murison: We believe it is the natural point of devolution—some things should always be devolved to the most appropriate level. Managing a MAT is a job for the north to do. Managing what skills kids are coming out of a school with is a job for the mayor of Greater Manchester and their team, for instance. We believe we can solve the dilemma by working collaboratively with the mayors.

Not everything can be reduced down to the level of economic geography, despite the fact that, as Jim would argue, it is a very important level of influence and power. Between the level of the north and the level of economic geography, we pretty much can do the whole system. That partnership between us, the mayors and also those parts of the north that do not yet have devolution, we believe is the solution in terms of governance. It also means that the democratic accountability comes from local government and from parliamentarians being engaged in this in their places. It is not a surprise that Stephen Twigg is trying to improve schools in Liverpool, and it is not a surprise that Lucy is doing it in Greater Manchester around early years. There is a legitimate role for parliamentarians to keep the system working the way it is supposed to work, and to challenge people who maybe have not been challenged enough in the past to account for the fact that their school is not as good as someone else's down the road.

George Osborne: The Northern Powerhouse was based on an economic concept developed by Jim and the commission he chaired on cities. That is that in much of the north you have very large cities that are not very far away from each other and you can create a cluster effect. The gap between Manchester and Leeds is less than the gap of the Central line in London, but there is nothing like the economic connectedness that you get across London. Liverpool and Manchester are, of course, very close to each other, despite the fearsome local rivalries.

The danger, if you devolved everything to the local mayor or combined authority, is that you would lose some of the agglomeration effects. Our central argument about the Northern Powerhouse is that if you bring these people together—15 million people—you can create an economic area to rival Greater London or, indeed, the Boston area in the United States. Holland is a good example of a number of cities working collaboratively. I would not want to lose that central insight of the Northern Powerhouse.

Lord O'Neill: In that spirit, let me throw in two quick things, the first one picking up where George stopped. The great attraction about the whole Northern Powerhouse thing is exactly that: you have so many relatively large cities—by British standards, although not on a global basis. If you get them together as a single market, it is a game changer, as I touched on before. To me, getting the skills thing right means you do not want to get it too overly wrapped up in one of those places, because it is valid for the whole lot. Part of the thing is wanting people from Leeds to think nothing about going to Manchester to work or vice versa and so on.

The second thing—I love George's answer about the small business things, and I don't know what the right thing is—from a 40,000 feet perspective, and this goes back again for me for years, if you look at us compared to Germany, I think I am right in saying that 20% of their broader education spending comes from companies. They know it is in their interests to have the skill thing to keep them going. We have had this skills shortage for so long in my professional life—this is true all over the country, of course, but it is such a dominant theme in the north—yet so many employers expect somebody else to do it for them. Whatever the rights and wrongs of how the levy has been introduced, it has now opened that dialogue about what is the right way. As we have seen—George and Henri have both highlighted a couple of examples—enlightened employers are now wanting to think up ways of doing it. We are at the start of that journey, in my view. We need a transformation as to how the corporate sector, whether small or large, plays its role in this.

George Osborne: One thing that we rejected but that I think will be worth looking at again—there is a lot of local business politics tied up in this, so this is dangerous territory to step into—is that Stephen Green, who was our Trade Minister in the early part of the decade, and Michael Heseltine both strongly felt that companies above a certain size should be compulsory members of their local chamber of commerce. That is what happens in Germany. Those chambers of commerce are very powerful bodies in the German body politic. They are a vehicle for not just skills but export promotion and stuff like that. We do not have that system here. It is not very popular with businesses, who do not want to be forced to be part of chambers of commerce, and is not very popular with the Chambers of Commerce, who quite like their discretionary system. That is why we backed off it in 2011-2012.

I remember thinking at the time that maybe it does take a really big move like that and being prepared to take on quite a lot of vested interests here and more broadly. It might be something to look at as part of your skills agenda. You do not want to be treading on the toes of the Business Committee, but you might want to look at that. Both Michael Heseltine and Stephen Green have run a very big international business, and I thought they had an interesting observation about the difference between Britain and Germany.

Q29 **James Frith:** It is an interesting idea to move from simply a mandating of tax or levy-paying into a mandating of membership, involvement and contribution. That is a good point. I worked for a chamber for a time, and that would have been a good stride forward.

Finally, in terms of your hopes for T levels, we have not heard a great deal about the work that has gone on to date. The Minister was unable to answer how many learners we hope for on launch and how many employers are involved on launch, yet we have handed out funding to further education colleges. My sense is that some FE colleges will be using that prime funding to fill gaps, because it is not ring-fenced in their own funding. What is your hope, and will the levy-paying employers be front of the queue for engagement in T levels, having shown a degree of enlightenment—as Jim has called it—with that involvement? Your thoughts, please.

Chair: Can I add to what James is saying in terms of what you are doing to support FE colleges in the north as major places for social disadvantage? What should Government be doing?

George Osborne: Briefly, I think we are in a similar position to you. We have heard the announcements of what seems like, broadly speaking, a good idea. We are awaiting more detail and more evidence that something is happening and that the money will not just be used to solve holes in FE college budgets.

In terms of engagement, when we created this Northern Powerhouse Partnership, and Jim and I put this together, I did not want to just create some pressure group that would call on my successors to do things. I wanted to create something that would come to the table with an answer because it had the local authorities and the businesses sitting on it. In the skills space, rather than just producing a report saying, "You should do this, that and the other on skills", what we want to do is to prove to you that it can be done with our board members—big companies like the ones that Henri has been mentioning—and to lead by example. Instead of saying, "Go and do this", it is, "See what we have done? Why don't you follow us?"

Henri Murison: We work very closely with the skills networks that exist around the north. They come together in a northern footprint. We are working very much on the detail of how this will affect the lives of people who are going to go through the system.

One of our biggest concerns is that although the employment placement section of the T level is the most important part, it is also the most difficult thing to achieve, for two reasons. One is that your travel-to-learn and travel-to-work area are very different. Getting high-quality placements in the numbers needed is not an easy thing to do. Secondly, very bluntly, the level of commitment so far in terms of making that happen in practice has not come forward. It is a huge change, and there has not necessarily been the mobilisation to make it work. That is probably why the Minister struggles to answer those questions.

Where we have come from is, very practically, "Can we get more employers to engage with T levels?" They are going to happen. We need to make a success of them. Particularly if you look at the system as it currently works, there is a huge amount of nonsense about various people paying colleges to do this thing and then not being able to second their own staff to teach people.

Q30 **Chair:** You recognise the importance of further education colleges in all this?

Henri Murison: Partnership is the point. What you want to see is more people from industry working in FE on secondment, doing more of the teaching and learning in those institutions. What you really want, around apprenticeships and T levels, are genuine partnerships that are not about saying, "We need you to do some transactions for us", but are about saying, "We need these people, whether they come through T levels or apprenticeships. What is the best way of doing it?" Rather than simply chasing funding, construct pathways that work for young people. If that means that somebody does not offer an apprenticeship one year so they can offer a couple of placements, that is just as good an outcome if that is what is right for that business and right for those young people. We need to have that dialogue at a northern level to get major employers to do it.

Also, as George says, Chambers have a massive role in this in order to broker those relationships. Businesses that perhaps never had an apprentice before, because they do not have the appetite, can start offering these placements because it is a lower entry, particularly if you have a project for a T level placement. Microbusinesses and SMEs could engage with this agenda, and we need to ensure they do that.

Q31 **Michelle Donelan:** Thank you for coming in. I do echo the comments about welcoming the report. It is fantastic.

I wanted to move us back to the Pupil Premium just for a minute. I have been calling for a review of Pupil Premium. It is a very important tool to fund our education system, but it is time we did review it, and there are questions over its usage at different institutions. I agree with your point in terms of the length of time that you are on it. In addition, do you not think that, potentially, we should be looking at how you get on it in the first place and at some kind of auto-enrolment scheme potentially? There

is a lot of stigma attached to parents self-nominating their children for free school meals. We are losing a whole cohort of people. Is that something you explored?

George Osborne: I don't think it is something we explored in this report, but that does not mean it is not a good idea. Yes, that is one of the challenges. Free school meals have become the passport to a whole load of things in Government. It is a very good idea. We are happy to go away and give more thought to it.

Henri Murison: There has been a lot of angst in the educational world about finding a better way to define deprivation over the years. Government is looking at how it digitalises itself. In a world of universal credit, regardless of the entitlement level, I do not understand the idea that Government cannot automatically understand what parents are entitled to free school meals and just tell the school. It is outside our remit as a northern organisation to start to wade around national public policy in that way perhaps. However, as you make the point, if we are going to do more and more based on entitlement to these things—when it was just a meal that was fine, but now it is a passport to huge amounts of money that benefits schools immeasurably—then it is absolutely vital that it goes to the right schools.

I will cede to Jim, but there is something to be said for this being about schools not being responsible for driving take-up rates. If we could remove all that administration, and the amount of work that is done getting people to claim it, it would save huge amounts of time. Because of free school meals not being a factor for the early years, in terms of the first two years of primary, it is massively skewed anyway—lots of people do not claim it until halfway through primary education. We would argue there is a better way of doing it. I would argue that it is something we certainly would want to support the Committee on if we can push to get a digital solution.

Lord O'Neill: I am not sure, Michelle, if you are asking what I want to hear about the use of Pupil Premium or the broader circumstances. As you know, we weighed into eligibility to really get the disadvantaged. This relates so much to my SHINE trustee existence as well as the brief period when I was a non-executive in the Department for Education. I think so much more could be explored about encouraging and helping teachers, among many other things, to explain to parents the value of Pupil Premium usage and, as think I touched on earlier, particularly in terms of there being greater awareness of where the bang for the buck is, so to speak, on different forms of interventions. I know many of the people in education, down at the front, are proud of how much something is downloaded. However, in terms of really getting it as part of the DNA and seeing it as such a constructive thing to do, in my judgement, a lot more should be done with that.

Q32 **Michelle Donelan:** The other thing I was going to ask about Pupil Premium was that, obviously, it is quite a crude measure, because it does

just take on board financial deprivation and not adverse childhood experiences and other things that affect children in the north quite predominately. Do you not think that there is scope as well for maybe broadening it? There is an argument that there is a big problem, especially in the north, with pockets of areas where children are particularly experiencing things like family breakdowns, somebody going to prison within their family, mental health problems and all these other things, but there is not any more money in the system to support schools to deal with those children in particular.

George Osborne: That is a very good point. When you are running a national Government, you end up using, quite often, rather broad measures like family income as a measure of disadvantage. Of course, it is one form of disadvantage, but there are plenty of others. There are people from low-income families who have brilliantly supportive parents and do brilliantly at school. You also have people from well-off families who get no support and do badly.

There is interesting work, going back to Manchester, being done—I think using some work that has been done in the US—where every contact that the state, if you like, or the system, has with the family is logged, whether it is the criminal justice system, the social worker, the school or the hospital. Trying to assess these other forms of disadvantage—the kind you mention—is really interesting. There was an attempt with the Troubled Families programme to do that. It is quite a difficult thing for a Government Department to organise, because it is very particular to individuals. However, you are absolutely right: the more sophisticated you get, the more you log individual contacts, and the more you bring different budgets and different people together to solve the problem, the better.

Lord O'Neill: You are right in what you raise, in my view. I am guessing that if a specific proposal about the free school meal was the way forward, it would broaden into that kind of section anyhow.

Michelle Donelan: A little bit, or it would extend the problem because then you are missing out even more people. You are giving more money to those who will, arguably, need it, but those who do not are getting nothing at all still, so you are making it even worse as a system.

Ian Mearns: Michelle, can I just point out there was a single tracking device being developed, called ContactPoint, which was abolished in 2010-11? It was meant to be a mechanism to make sure that no child fell through the cracks in the system.

Q33 **Michelle Donelan:** Just appreciating the time, I want to move on to the point about business contact, the relationships with the schools and a sort of mentoring system, which I think is brilliant. It is working up and down the country, in fact, but on a very small scale. You were saying before that you already have these businesses locked in. You do think it is realistic, then? One of the problems I found is brokering that

relationship without compelling them, and fostering the time as well. Some businesses are a lot more open to it, and for others it is the last on their to-do list, if we are honest. How do you make sure it is sustained as well over time?

George Osborne: I will make a couple of observations. First of all, there is a huge amount of enthusiasm from the employers on our board. Manchester Airport Group is a big employer and does a lot of work in schools. There is also Siemens, Arup, Barclays and so on. There is a responsibility on Parliament to not make it impossible for employers. Of course, there are big public policy concerns and legitimate concerns about safeguarding of children and all of that kind of thing. However, if you create a system where, if you are an employer, it is just not worth it and is just too hard, then you will put people off. As someone who edits a newspaper, we employ people, and we have lots of requests for work experience and the like. It is really bureaucratic to do the right thing and give a chance to someone.

Lucy Powell: There are degree apprenticeships coming on stream.

George Osborne: Yes, there are, and we have some excellent apprentice journalists through a funded scheme. They are not funded by the paper but by the BBC as part of the local democracy initiative.

It is a collective. Sometimes the whole of Parliament has to take a deep breath and say, "We are responding to the latest scandal"—I know all the pressure to do that—"but are we also doing it in such a way that it will be impossible for employers who want to do the right thing?"

Q34 **Michelle Donelan:** There is also a danger, isn't there, that you are only attracting the big businesses, when we need the medium and the small to really show people the opportunities available?

Henri Murison: That is why our aspiration is that every business engages the same number of young people at least as they employ. We think it is important that microbusiness mentors young people. I was struck by something that came from the school George visited in Hurworth, where we launched the report, up in Darlington. In reality, the young people who have achieved some of the best things from that school are the ones that did not achieve five GCSE passes—how we want to define success at 16—but have gone on to set up garages. The teachers who taught them take their cars there because they know reliably that those are the best places to get your car serviced in Darlington. When I think about who young people we need to impact the lives of should speak to, I am not sure it is somebody from a big business from Newcastle coming down for the day. They should meet the young people who went on to set up a garage. If they want to understand what success in our country really looks like, that is the type of success we should be pointing them to—not some idealised version of what a university graduate looks like, because that is not what success looks like. It is one form of success; it is not the only success.

Q35 **Trudy Harrison:** First, I would like to commend this report. It combines ambition and action. I spoke very positively in my maiden speech about wanting to power the Northern Powerhouse, as a true born-and-bred northern MP.

I agree with virtually everything in the report in terms of recommendations, but I do have a concern around multi-academy trusts. We have had some of the biggest failures of multi-academy trusts in the north of England. I would like to ask your advice on what the barriers are to better multi-academy trust accountability and oversight.

George Osborne: First of all, thank you very much for all the kind words. One of our challenges for the Northern Powerhouse, where hopefully you can help us, is to make sure it is not just about the big cities but helps communities like the ones you represent in Cumbria.

The danger here will be that you throw the baby out with the bathwater. Multi-academy trusts have been unbelievably successful in London, like Ark and the Harris academies. The tragedy of the north was, because of the problems with the Wakefield Trust, the view was that we don't want them in the north of England. As we have already been talking about, there have been some good success stories, like the Co-op Academies Trust in Manchester and elsewhere. That is why we are proposing tougher governance of these multi-academy trusts and that governance happening in the north of England under the schools board, which can have the Secretary of State or a Minister on it, but is in the north, so people have more confidence that when things go wrong in these multi-academy trusts they are picked up and dealt with.

Lord O'Neill: I have a slightly different angle. As important as the whole academies initiative has been—as I mentioned earlier, I was a personal friend of Clive Bourne, with his remarkable success at Mossbourne, where Michael Wilshaw was the head—I do not think they should be regarded as the panacea. So much about what we are saying is deliberately away from the issue of academy trusts. In fact, we came across some people, as part of the detailed evidence provision that influenced us, who still think it is possibly too early to judge about the overall success of them. George touched on some of the clearly successful ones. In the context of your question, I just want to emphasise I think there are other things that—I think they are brought out in the report—are so much more important for the improvement of educational and skills outcomes in the north than this.

The second thing quickly to add—again because of where I originate from on aspects of this—is that, linked to the broader Northern Powerhouse thing, is trying to make it more appealing to some of the people who have been involved in the most successful ones to think, "You know what, I want to get involved in doing it in the north as opposed to just being stuck here". In the same way, I passionately believe Teach First should be encouraged, guided or whatever, so that, instead of having five of them in every tough school in London, because it is cool and trendy, they

want to hang out in Hartlepool and God knows where else. It is the same thing with the people behind the most successful trusts.

Q36 **Trudy Harrison:** Thank you. This probably is more directed at you, Henri, although, George, you mentioned that it is really important that the people who are making the decisions understand the north. For me the biggest difference in terms of the north of England—and I speak as perhaps one of the most isolated MPs, from west Cumbria—is access and connectivity across road, rail and digital. For the improvement in education to really have that transformational impact on our young people, what recommendations do you have so that Government does not work in silos but across the different Departments?

Henri Murison: What was really interesting—again, Jim alluded to the conversations and the evidence-gathering we did—was teacher retention. The places we have attraction problems are at the equivalent areas to your own. I draw a parallel between Scarborough and west Cumbria because they are the two places in the north that have the most in common, despite the fact it would take you about seven hours to travel between them.

Ian Mearns: And that Scarborough has an opportunity area.

Henri Murison: Exactly. That is sort of the point. If you were looking at somebody who had skills in dealing with some of the challenges you have in west Cumbria, the head teacher who would probably understand the most about west Cumbria would be a head from Scarborough. However, would someone from Scarborough ever consider taking a job in west Cumbria? Unless they have a really unusual lifestyle choice and have managed to find a life partner who wants to work in the nuclear sector, there are not going to be a lot of reasons for them to move.

Trudy Harrison: I could dispute that.

Henri Murison: Exactly. The other point that comes back to it is that there is a reason why some of these places have really struggled to attract teachers, and it is also the reason that other people do not work in them. Bluntly, if you are in an area that does not have connectivity to other employment markets, even if you can get a job in Scarborough, or if you have to work in York, say, and are living there at the moment, how are you going to move your partner? It is exactly the same with Carlisle. It is not very easy for young couples or families to think about moving for a job in some of these places, because they are not connected to nearby settlements. Never mind York to Manchester, York to Scarborough is a pretty big barrier in our economy. The north-east has comparable examples.

Some of the things that George, Jim and Government started around Northern Powerhouse Rail, around investing in the Transport for North strategy, are about economic corridors and around how we connect our assets. One of the assets I do challenge them on is that we have not looked at universities and our enabling capabilities enough. I am struck

by the fact that at the moment we still do not have enough university provision, for instance, in Cumbria. That is one of the reasons why we are working with those who are focused on these challenges. Uniquely, you cannot grow the economy without these enabling capabilities. It is exactly what the "Northern Powerhouse Independent Economic Review". But at the moment we do not have the transport, and nor do we have the distribution of these assets right. That is why we think it is right that universities like Manchester think seriously about not just their research commitment to Cumbria but their teaching commitment. Bluntly, it is entirely the wrong way round for people to have to go from Cumbria to Manchester to learn about the nuclear industry. It should be the other way round. If people in Manchester want to learn about the nuclear industry, they should go and spend three years in Cumbria.

If we can start to create an economy in the north that works like that, then the opportunities will be better dispersed. Some of it you can fix with transport, but some if it is just about getting our largest institutions to think creatively about how they serve the north collectively.

Trudy Harrison: Thank you.

Q37 **Chair:** What Trudy did not tell you was that, as MP, she was escorted off the premises by her academy trust when she went to visit the academy school.

One final question, if I may. You touched on this a moment ago in terms of teacher recruitment. Clearly we have a problem across the country, not just in the north, in terms of teachers going to deprived areas. You talk about your centre of teaching excellence. That is a great idea, but is it enough? There will be many other factors to get teachers to teach in deprived areas of the north. What else would you say?

Henri Murison: The experience we found is that there are a lot of people who want to go and work for United Learning. United Learning has turned around schools in Carlisle. It turned around Richard Rose, which George has visited. It turned around schools in Sheffield and lots of schools in Lucy's patch as well. When United Learning take on a school, teachers want to work there. The problem we have in the north of England is that when there are schools that are not well led—whether they are council-run schools, schools that have become academies or not well-run chains—bluntly, people do not want to work there.

The missing ingredient for getting people to teach in disadvantaged schools is back to leadership. Those schools that have great head teachers and have a reputation in their area that they are well led, do attract staff and have massive numbers of people applying to work in them. The problem is that many of our schools in disadvantaged areas do not have that leadership. That is one of the reasons why we think leadership is integral to what we do around disadvantaged schools.

There clearly is a talent and a knowledge set that you need to lead a school that is facing some of the most difficult social challenges. If we

could properly encapsulate what that is and give it to people from those communities with those experiences of having taught in those sorts of schools, to give them the chance to succeed and not be set up to fail, I think people would want to go and work for them. It is the same in business as well. If you are a successful business, people want to work for you.

George Osborne: A big Northern Powerhouse schools challenge would bring all this together and make people want to be part of it, and make local authorities, businesses, schools and teachers want to be part of a big national objective—all the more reason to get behind it.

Lord O'Neill: Chair, I am in general one of life's optimists. In this regard I discovered, and this is not about Teach First in the narrowest sense—they did not even know this until I pointed it out to them—they are, in the past three years, probably the biggest marginal employer from top universities in the north. That gives me great hope. To go way beyond that, into general teachers, if you can present the life that brings to you, then it can start off this virtuous thing, which we have seen some signs of in London, because it has cascaded way beyond more normal teachers, and I am not ignoring the point they have their own retention issues. That, linked to some of the beginnings of initiatives about teacher retention, ongoing training and making it feel like a more aspirational career thing, is, to me, already beginning to show some marginal positive changes. Hopefully, that spirit, as well as some of our specific ideas here, can help galvanise more of that.

Chair: Thank you. It is very good to see you. Welcome back again, George. I hope you come back to Parliament more often.

George Osborne: I think there are mixed views there.

Chair: I knew when I said that, that you would answer in that way.

Our Committee has two strategic aims: addressing social injustice in our education system and boosting skills and productivity. Everything you have said today links into what we are doing in terms of quality apprenticeship training and value for money in universities. We are also doing an inquiry into skills in the fourth industrial revolution and the impact of that, and possibly something on life chances. Something very interesting that you, George, said today was about possibly re-looking at the individual learning accounts. I think that is a very important concept and something we probably will look at in the future.

Thank you for what you are doing; it is really important. It is nice that you are a do-tank rather than just a think-tank, as you described. I wish you well.