

Education Committee

Oral evidence: [Education in the north](#), HC 819

Wednesday 5 June 2019

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Members present: Robert Halfon (Chair); Lucy Allan; Ben Bradley; Marion Fellows; Ian Mearns; Lucy Powell; Thelma Walker.

Questions 38 - 84

Witnesses

I: Lord Jim O'Neill, Vice-Chair, Northern Powerhouse Partnership, and Henri Murison, Director, Northern Powerhouse Partnership.

Examination of witnesses

Witnesses: Lord O'Neill of Gatley and Henri Murison.

Q38 **Chair:** Good morning. Thank you very much for coming. It is good to see both of you again. Just for the benefit of the tape and for those watching on the internet, can you please introduce yourselves and your positions?

Lord O'Neill of Gatley: I am Lord Jim O'Neill. I am here in my capacity as Vice-Chair of the Northern Powerhouse Partnership.

Henri Murison: My name is Henri Murison. I am Director of the Northern Powerhouse Partnership.

Q39 **Chair:** Thank you. What evidence have you seen of improvements in education in the north since the last time you came to our Committee?

Lord O'Neill of Gatley: Not much. To put it in the context of stating the blatantly obvious, with other events going on in the country there has not been a great deal of focus on a lot, it seems to me, including the whole Northern Powerhouse agenda and, within it, very little on education. That is the brutal reality.

Q40 **Chair:** Is the Northern Powerhouse still alive?

Lord O'Neill of Gatley: As a recurring optimist about life, in the past few days, some of the more popularly mentioned candidates for the leadership of the Conservative Party, and, therefore—you never quite know—at least for a period the next Prime Minister, all seem to be saying quite a lot of things about the north, and some of them about the Northern Powerhouse. That fills me with some belief. The period between the outgoing Prime Minister being replaced by the next one will be a lull, I hope, but some of them in the past couple of days have actually said some pretty big things.

Q41 **Chair:** Going back to education, you said “not much”. There must have been some things going on.

Henri Murison: No, although it is worth pointing out that overall we would say, if you look at the data—partly because of the way that we inspect schools—the gap between London and the north of England in terms of the number of good and outstanding schools is actually getting greater, not smaller, though that is partly because a number of academies have not been re-inspected. It is partly a statistical point, but it is certainly not closing yet.

The Government have done some things and I would say that the Secretary of State's commitment to doing something in the north-east through Opportunity North East and the devolution of some powers and



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responsibilities over education as part of the North of Tyne devolution deal—although that does not cover all areas of the north-east—are positive steps in the right direction. The pace and the need for reform and change, particularly when you look at the chaos around regional school commissioners and some of the other issues where school effectiveness is being hampered by the Government rather than by schools themselves, there is a lot more to do.

I would say that the Government need to have a coherent focus on the north of England. Some of the problems that came up at the last Committee, around not having even used properly the funding that was allocated previously, just demonstrates the fact that although at ministerial level certainly the new Secretary of State might be really interested in this agenda, the unwillingness of the Department through its machinery to take these issues seriously is of great frustration to us. Other than opportunity areas—and you would look at Bradford as probably the shining example in the north where it has made a real difference—it is very patchy.

If you are in Bradford or if you are in some of the schools that are benefiting from Opportunity North East, absolutely, there is something being done, but the quantum of the issues is much greater than those two things that have been done.

Q42 Chair: We will come on to opportunity areas in a minute, but just on those, we have had two sessions on opportunity areas and one of the main things that people who came said—and they were people who were running them—was that it brought people together. I thought that was a very expensive way of spending £80 million. I want to understand how you see them. Are they successful in the north? Could that £80 million be much better spent, for example, on high-quality teaching and teacher leadership to improve the schools or education institutions in the area?

Lord O'Neill of Gatley: I read with interest some of the transcripts of your hearings on those, but let me also backtrack slightly. *[Interruption.]* Despite the tone of what I said—

Lucy Powell: Rob's phone was just shocked that somebody read a transcript.

Chair: Yes. I think you have made Committee history.

Lord O'Neill of Gatley: It was very interesting the discussion you had on opportunity areas, but I do want to say on the record that, despite what I have just said, I think the fact that the Secretary of State made the decision about the north-east is to be highly welcomed whatever we then discuss.

I guess I have slightly contradictory views about it from a sort of 30,000 feet perspective. I think I mentioned last time I was here that I go back all the way to the Hackney Learning Trust. I often think in the broadest sense the useful purpose of an opportunity area is a SWAT-like



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intervention into really needy areas. There is some evidence that the Hackney Learning Trust sowed the seeds of some significant, positive forces that led to a whole series of virtuous circular things, replacing all the vicious circular things, 20 years ago. In that context, it is a shame that they seemed to get such a bad rap so easily.

The second thing I would say is that in some cases they have obviously not been around very long. This one is new. I think the basic approach of homing in on a series of smart interventions in areas of significant clear disadvantage is really sensible. How they are actually operating in practice appears to be another issue.

Bradford—as Henri will probably talk about more in a second—seems to us to be perhaps one that is showing the most hope, but there are many others that aren't and especially, as I think your own opinions suggested in those previous hearings, if all they are doing is doing precisely what the Department for Education suggests and not considering other interventions. That is not what happened in the Hackney Learning Trust case at all. In fact, on the contrary, it is arguably where the whole academies thing really came from on a big scale.

Henri Murison: Our analysis is you look at their effectiveness. There definitely is a point that where the governance was strong at the beginning and there was genuinely an understanding of what the problems were in that place, it has made a meaningful difference. We spent a lot of time looking at, for instance, some of the learning and reading interventions in Blackpool or, in particular in the case of Bradford, the difference it has made to many of those schools.

I would say it definitely has been effective, but I think our challenge, Rob, would be that we are making the case that you need to spend more on the most deprived schools and, in some cases, the existing opportunity area is the right mechanism for doing that because it is working. But I do not think we can be wedded, and we said before in our recommendations in our previous report that we should take them for longer.

In the same context that in this Committee the schools Minister has been willing to consider changing the pupil premium, what we would say, in the context of continuing the most successful opportunity areas, is that does not mean that they all have to continue in exactly the way they are.

I would use the example of Greater Manchester where it is nuts that you have an opportunity area that has no relationship to Greater Manchester's wider combined authority, that you have a devolved framework that is working across Greater Manchester on education, both in the early years—which is the work that Lucy is leading—and there is also now the wider leadership around the schools system after five, lots of collaborative work across Greater Manchester, but the opportunity area is basically in a corner somewhere and is not embedded in any of that work. If I am being completely honest, it looked like it was the DfE's



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mates that were brought in there with no real understanding of what the needs of that community were.

You cannot, though, judge the whole programme by the worst performer. There is a Greater Manchester solution there. It is not that you do not need to do something in Greater Manchester but, actually, is taking a borough-like approach when most of the issues are pan-area the right thing to do?

Q43 Chair: Yes. I underline my question as to whether or not that £80 million, if they have £80 million to spend on intervention to help education, could possibly be better spent in other ways.

Henri Murison: I think it could be better spent and the failure of the Department was that, even when it was trying to decentralise, it seemed to have the same approach to decentralisation that it has to running the Department. That would be my only criticism of Opportunity North East, which is it is a great initiative, but it is essentially in most part trialling something the DfE wanted to trial anyway.

I think the point is that if the DfE is going to look at area-based programmes it needs to be led by areas and it needs to think about the capacity to do that, rather than apply the same thinking that is being used in other parts of the Department and just replicating it everywhere. That was not what the original Secretary of State, Justine Greening, intended. I certainly do not think it is what the current Secretary of State would want but, in practice, that seems to be what officials go off and do. The difference in the Department between what the Secretary of State may ask for and what officials seem to go away and actually deliver is incredible. I have never seen it in any other part of Government. I think that is a challenge around the capability and capacity of the Department that whoever leads it seems to end up making the same mistakes.

Q44 Chair: Thank you. That is very helpful as we have done a very short inquiry into opportunity areas.

Finally before I pass to my colleagues, if you had to identify one or two things that the next Prime Minister—which will be by mid to end of July—should focus on to address social injustice in terms of education and skills in the north, which were doable given the lack of a parliamentary majority and so on, what would you say?

Lord O'Neill of Gatley: I will give you three, two of which would be broader but very applicable to the northern challenge. One is: again, I have seen from the transcripts where you challenge the schools Minister about pupil premium reform. That is something that was one of the five major recommendations in our big report. It is good to see—from what I could see of the response—that there seemed to be some acknowledgement there that, yes, you could do it even though there were lots of caveats added. As I am sure we will get into in another angle in a minute—and if not I am sure Henri will make sure we bring it up—it would be very important for improving the funding for the breadth of the



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neediness around the north and, for that matter, some parts of the Midlands, too, which in terms of linking it to the broader regional economic challenges in itself would be good but specifically on education. I would highlight that as my main one.

The second one, which is a little bit more removed, is I would plead for some kind of underlying imposition of long-term consistency—going back to something I published a long time ago, the idea of an educational version of the Monetary Policy Council—so that whoever comes in next just doesn't suddenly discover their own favourite things from a spad, trashes everything else that has been around, the likes of Sure Start and god knows what else—

Q45 **Chair:** In other words, what you are saying is we need a 10-year plan?

Lord O'Neill of Gatley: Yes. We need a proper plan.

Q46 **Chair:** You should come to this Committee every week. We need it, yes. That is what we have been arguing for.

Lord O'Neill of Gatley: You can see I am pretty short of stuff to read.

Q47 **Chair:** Yes. Our view is if the NHS has a 10-year plan why can't education have a 10-year plan?

Lord O'Neill of Gatley: In terms of our long-term productivity, or at least those you can identify pretty clearly where the UK has persistently done so poorly for a country of this supposed status, the lack of a genuine long-term education plan is a big thing, in my view, that needs to be seriously addressed.

Q48 **Chair:** The third thing?

Lord O'Neill of Gatley: The third thing goes back to what we were just touching on and my contradiction. While the way opportunity areas have been seemingly executed so far are not very gratifying—and you raised the issue of a waste of money—I think that if done with focus and intensity, if it makes it clear to an area such as the north-east and the ones identified in particular, it can lift a place and galvanise local people to think, "Do you know what, we are being given some serious attention".

I would be loath to think, "Oh, just get rid of opportunity areas". My own view would be that there are so many parts—Blackpool being a particularly good example and many parts of the north-east and, I think as we discussed last time, arguably a couple of boroughs in Liverpool and many others, too—that having proper, focused attention within a 10-year plan would make a huge amount of sense to me, notwithstanding the problems of opportunity areas.

Henri Murison: We have obviously come up with proposals for how we would take control of education and give it more long-termism through decentralisation, but that is just one aspect of what the Government need to get right. If you look at the aspirations of our mayors and others, who



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have democratic legitimacy to take more control over the education system, they would take more long-term decisions. That is exactly why we decentralised transport policy from Whitehall because we knew that giving a long-term plan to the north to write in transport would lead to better, more sustained and sensible policy choices. You can apply exactly the same rationale to education. That is why something like a northern schools board is a piece of architecture you would create, because that would be one of the ways you could take some of the politics out of the day to day decision making.

At the moment the Department has so much control, for instance, over who runs our schools but a Secretary of State or a Minister never actually takes any direct interest in that. The point is if you make those decisions happen at a more local level, the people who do care who runs their schools, for instance, in a place like Bradford—that is the irony of the opportunity area. They have a fantastic opportunity area but they do not have enough capacity in the regional school commissioner system to support them to make the changes. One of the inhibitors on the effectiveness of opportunity areas is the lack of capacity and capability within another bit of the Department for Education. When you start to play that out you are thinking, “How can you create a Department-led project?”, which is a kind of vanity project some would argue, and then not even find ways through your traditional structures to support it. It just does not make any sense.

Q49 Chair: Do we not have the strategic regional improvement boards as well that would do the same thing that you are describing?

Lord O'Neill of Gatley: If I had a fourth—and it is at the core of why we loathe the idea of a northern board, I guess—there are some obvious downsides to something like that. You just create yet another thing. But whether it is that or not, aligning the regional school commissioner structure or changing it, particularly in the big metro areas that have devolution, has to happen. It is ludicrous that these things go on in a separate universe with, from what we can tell, virtually no influence, accountability or impact.

Henri Murison: Someone like Steve Rotheram has a legitimate point to make, which is that as well as pursuing adult education devolution—which I am sure we will get on to and is a very important area—the idea that you have no place-based responsibility for the way that academies operate, you have to think that in the most deprived areas in the north, the most challenged economically, every school is an academy right now, but the chains are not as good as the ones you get in London.

Q50 Ian Mearns: Secondaries?

Henri Murison: Secondaries, yes, I apologise. Most of the challenges are in secondary because most of our focus is on the secondary sector in our work; that is where the educational gap for the most disadvantaged kids grows the most. Yes, they are behind sometimes after early years. We



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can close that. They are behind after primary, but the biggest gap currently happens at secondary and that is why we are focused on that area so much. The way we currently manage our secondary schools makes almost no sense to anyone and it is right to change that.

- Q51 Thelma Walker:** Henri, just going back to the previous session, your words were, "There are problems which go beyond the school door". Now we are asking the question for a future Prime Minister: what would be their priority? Would you agree that it is not just one thing? Unless you get public health right, unless you invest in frontline services like Sure Start, unless you look at housing, unless you have a holistic view the future Prime Minister invests in our society and welfare and wellbeing, then you can have pupil premium, you can have increased research and development, you can have engagement with business, you can do all of those things, but unless you get the infrastructure, unless you get that support for the most vulnerable, we are never going to decrease disadvantage.

Henri Murison: I completely agree. It is two sides of the same coin, isn't it? We would say that we look through the pupil premium lens because that is what is available to us. We know that is a marker for kids who come from most disadvantaged homes. What we want to do right is—

- Q52 Thelma Walker:** Excuse me, but isn't that based on free school meals?

Henri Murison: It is based on free school meals, which is not a perfect measure, Thelma. We are using imperfect data, but we take that lens because it gives us an understanding and an approximation of what is going on in the education system. It is never perfect.

I think there are two sides to it, which is that clearly if you want to close the gap in the early years that is not going to happen unless you have wider services. We have said very clearly that when you look at the investment priorities, despite secondaries being where we have our biggest challenges, you should spend as much on the early years as you do on secondaries. In the work that was done by the Children's Commissioner at the same sort of time that we published our report "Growing up North", there was a reason why we came up with very similar conclusions because it is a quite clear set of challenges.

The historical point is that if you go back to the north-east and where we started this whole debate, it used to be the case that the north-east kids at five were ahead of kids in London. It is now the case that, even at five, London kids are further ahead, and when you consider the number for whom English is a second language that is particularly stark. All the things that mean those kids do better at 11 should mean they do worse at five and actually they are not. They are already exceeding.

That example of what is happening in Hackney has shown you can close the disadvantage gap. I do not disagree at all, Thelma. We take a holistic view of the northern economy, which is that if you are going to make it a



more efficient and effective economic unit, that is going to have to change the way that we structure our society because the current wealth disparities within the north and one of the reasons why it is less economically effective than it should be, it is not just that it is behind the south, it is that the big gaps in economic outcome and their implications are having a big impact on productivity.

You can also take the view that, at the same time as you want to make a difference on the wider economic and social agenda, there still should not be a gap in attainment despite those problems. Does that make sense?

Thelma Walker: Yes.

Henri Murison: We need to do both simultaneously. We need to fight to find a way to make those communities that are the sink estates work differently, and devolution and what mayors and others are doing is definitely going to address that. They need a lot more power, particularly over the social welfare system, to make that happen. At the same time, in parts of London people have closed that disadvantage gap, so we have to do the same. We cannot give up on that because we know that we are in one of the most unequal societies in the developed world, so we cannot wait to close the gap in every other area before we deal with education.

We take the view that if you are going to unlock making the northern economy more successful and the benefits that will bring for people who live in the north of England, education is the first thing you do. People might bang on about trains as much as they like—and Jim and I will keep on banging on about trains and roads—but education and skills is much more fundamental to the northern economy and to productivity and that is why it should be an economic priority for the Government, not just a priority for people interested in education policy.

Q53 **Lucy Powell:** To very briefly follow up on that, maybe more for Jim but both of you, it is a cheeky question, really: if you had a message—and I am sure you do—from the north to the aspiring Tory leaders about what they should or should not say in the next few weeks of political football on certain issues, what would you say?

Lord O'Neill of Gatley: It is a great thing to bring to the table because I was looking for a way to try to suggest that. Those of you from the Conservative party, I assume you may do it anyhow, but if you were all available for these apparent hustings that they are having, I think they should all be asked what they are going to do about these stark regional inequalities in the UK, particularly involving the north, as an overall question, and then as a crucial secondary one specifically on education.

Going back to how Henri finished the last part and what Thelma asked, I would differ slightly, partly again because of the London experience and knowing what has happened with SHINE, which lived through the whole of that journey, and what has happened in Hackney, Newham and other boroughs. There are a lot of places that have been starved of broader



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social services, but on educational attainment some of them have made big progress. Of course, it has to be in the whole, and who knows how lasting it is, and some of it is to do with measurement stuff, but some of them have. Particularly as it relates to long-term economic issues to do with productivity, there are so many things that are important, but basic attainment at education is massive in my opinion.

Lucy Powell: Okay. They have the memo.

Lord O'Neill of Gatley: I share it.

Q54 **Marion Fellows:** I am going to a question on something I have no personal experience of. Have directly elected mayors had a positive impact on education in the north? Has it helped having elected mayors?

Henri Murison: It is interesting. Their powers are mainly around adult education, but they took a long time to get them. Greater Manchester agreed literally years and years ago that they should get the adult education budget, and the DfE has dragged its feet kicking and screaming. Eventually it is coming. The North of Tyne Combined Authority yesterday went forward with its decision to ask for those same powers. In adult education, particularly if they are given more influence over the system, I think they could have a fundamental impact on solving some of the skills challenges.

It is a disappointment to me that Augar wasn't more interested in decentralising FE because I think that is one of the reasons that FE is in such crisis. It is because it is a not very well nationally run system and it could work a lot more efficiently if it was devolved. Devolution is a concept, Marion, you obviously do know a lot more about.

Marion Fellows: Yes.

Henri Murison: If you took the education piece, because the deals are differential not everyone has the same focus on education. North of Tyne has a really focused deal on education. It is the most recent combined authority to directly elect a mayor. I think that long before the mayor was elected the constituent members of the combined authority—because our devolution model, although it does have directly elected mayors, is counterbalanced by the local authority leaders and, in its case, the deputy leaders, who make up the rest of the combined authority—have focused on education very strongly.

Ironically, despite Opportunity North East being the Department's flagship office in the north-east, what the combined authority will have the power to do there will be much more significant. That does prompt you to say, "You need something similar for the rest of the north-east" because a traditional DfE initiative only gets you so far. Giving power to democratically elected local leaders, not just for a couple of years but in perpetuity, and giving them real authority over the system—

Chair: Can I ask you to be slightly more concise? I know you have



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another committee to go to and we have a fair bit to go through. If you could be really concise that would be helpful.

Henri Murison: Thanks, Rob, sorry.

Q55 **Lucy Powell:** I am just coming on to your recent report, "Next steps for the Northern Powerhouse". The analysis you have done in there with the Education Datalab is a really good piece of work. I think it should get wider coverage in terms of the long-term trends that you have identified and the ways in which we could tackle them. I have not really read about it elsewhere, so maybe we can work with you on sharing that more widely. For the purposes of this Committee, do you just want to explain that a bit more, what you did and what it showed, concisely, as well?

Henri Murison: Very concisely. It shows that there are about 500 secondary schools in the country—but the effect is also found in primary schools—that have particularly high concentrations of the most disadvantaged kids. What that shows is there is a big gap between those kids that have been on free school meals the whole time that they have been through their school career and their peers who are on pupil premium at any time. Obviously, at the moment the money comes to the school regardless of whether you are on it the whole time or you just happen to be on it for, say, one year of your school career. The north of England basically has two-thirds of those schools, and those kids are obviously attending primary schools as well.

The progress they are making we think needs much more focus. The reason why north-east particularly in attainment and Progress 8 schools are lower and the Bristol work, which has been refreshed for us—

Lucy Powell: I was going to ask you about that.

Henri Murison: —shows that there is a big gap between attainment, say, in the north-east in secondary and the rest of the country. That gap closes significantly when you adjust for the background of the kids in the schools. What we think is happening is that we have a problem in the country with particularly those ethnic groups from disadvantaged backgrounds that have the lowest performance. They happen to be concentrated in the north of England and to some extent in Birmingham and other parts of the West Midlands, so that effect is driving the issues in other parts of the Midlands.

Q56 **Lucy Powell:** Your idea is that there is an extra gap of the most disadvantaged over a long term that needs a new policy focus, and the work you have done, as I say, I think is a really exceptional piece of work. You propose £1 billion to go to those most disadvantaged schools, because you suggest that where there is a higher proportion of those long-term disadvantaged in a school it has a much greater impact than when you just have a few, who often perform better. That £1 billion spread to those 500 schools, is that what you are suggesting? Do you think that is a realistic proposition for maybe the next Prime Minister? Do you think that is something we could be lobbying for?



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Lord O'Neill of Gatley: I would hope so in the big scheme of things compared to the amount of money that is spent or considered to be spent on big infrastructure projects. Again, bringing it back to long-term productivity issues, £1 billion spent on really focused disadvantaged educational support in my judgment is likely to have more of what economists would describe as multiplier effects than big, juicy infrastructure projects probably.

In the broadest context, without going right back into it, what is so interesting to me is it is quite easy to identify the areas and the schools where the real challenges are. If it is taking in clever interventions or ways to boost school leadership, quality and confidence, it fills me with some belief that some of these challenges are not as dramatically difficult as one otherwise might superficially think.

- Q57 **Lucy Powell:** Just related to that, and it is my final point, you have done the Bristol work on Progress 8, which I know you will know we have discussed if you read our transcripts. We have been looking at this issue of Progress 8 as well, and you see from other pieces of research that often, if you look at a school's data, it is more of an expression of the cohort and the background of the kids than it is on the quality of teaching and learning in that school. You have taken that Bristol research and readjusted it for schools in the north and found that their progress is better than—

Lord O'Neill of Gatley: Henri can give you some brief detail.

- Q58 **Lucy Powell:** Yes. Do you support that Bristol work, basically?

Lord O'Neill of Gatley: We have been debating it back and forth for the past 24 hours. From my perspective, it is important to highlight it as a crucial supplementary thing rather than a replacement thing.

Lucy Powell: Yes, an improvement.

Lord O'Neill of Gatley: Obviously, for signalling for teachers and parents, it puts into an appropriate context this rather lazy frequently said thing that the north is just bad at education. When you adjust it for this, the numbers change a lot.

However, in terms of dealing with the underlying issue, it partially comes back to your issue: the tangential things that may be behind the broader scale of the challenge. You do not want to identify them as being the only new way to look at it because you are possibly then going to contradict yourself about the £1 billion for these areas. I think that there is a supplementary and parallel thing that is really powerful and very clear.

Henri Murison: It is stark. For the secondary schools in the north-east, they go up the national league table by over 300 places on average. It is pretty significant. It reduces the number of schools judged to be falling below the required standard significantly. I think what we are going to do with Bristol is publish the national league tables for 2017 in the coming



weeks for every school, not just in the north of England, and we would welcome your help with that. Partly what we think it is driving as well—which is particularly worrying to us—is when Ofsted goes into schools a poor Progress 8 score could be the reason why a school is not judged to be, for instance, good or outstanding because of that score.

The other bit that has been shown to us is when we have gone into, for instance, the Co-op Academies, they have looked at these scores alongside each other and they are the same as us. The point is we want to close the gap between those two numbers because nationally we want to close the disadvantage gap, but actually a number of schools in the more prosperous areas have a significant disadvantage gap, particularly those long-term disadvantaged kids. Every school has to work on long-term disadvantage and needs to close the gap between those two numbers. It just means that for those schools that have the very largest numbers, we think it brings into focus the need to give them extra support because every school should make having no gap between, for instance, your normal pupil premium kids and your most deprived kids a real priority.

The logic of the schools Minister, which was that all we can do is move this money around the system and if you cut from one school it is the only way to help someone else, we think is the wrong logic. Fundamentally, if you are prepared to do area-based interventions, we would say some of this money could be spent, for instance, on early years and on primary schools on an area basis. You need to have a system that is joined up.

Lord O'Neill of Gatley: From what I read of the factual thing he said, obviously it is definitionally true, but if you are allocating within the total to places that have a persistent clear challenge, it makes a huge amount of sense, irrelevant to whether you are boosting the pot.

Q59 **Ian Mearns:** Jim, in particular, I think I would be right in saying that we have had conversations before where you have expressed disappointment in the Government's commitment to the Northern Powerhouse Partnership. By comparison, for instance, to the financial commitment of previous Governments to projects like the London Challenge, have you been disappointed in their commitment to the Northern Powerhouse Partnership from that perspective?

Lord O'Neill of Gatley: To the Northern Powerhouse itself?

Ian Mearns: Yes.

Lord O'Neill of Gatley: Yes, of course. I was actually talking about this at a business event in the north yesterday. What has really disappointed me about the two and a half years since I ended my brief period as a Minister is that the context of why it is important seems to have been lost. Some of the things I was associated with originally that I think were embedded within at least parts inside the Treasury, that if you can



change the performance of the closely linked urban parts of the north in particular into a whole new economic market or single market, it is a national game changer. That is why it should be so interesting for Whitehall. It is not because you are just choosing some part of the country that happens to have a lot of history and all the rest of it. You can actually show—if you sort this out—that it boosts the growth trend of the country. It is not just some idle, “Let’s just help the north”. Therefore, of course, linked to the kind of nonsense around the Northern Powerhouse education fund that we discussed, it is ludicrous and it should not and hopefully will not continue.

Q60 Ian Mearns: For instance, in boroughs like mine in Gateshead, we have primary schools where the results are above the national average. They are very good, but the secondary school results are not as good. I know that we have been talking about the Bristol situation. The Government did abolish CVA league tables, contextual value added league tables, which were flawed in themselves. I did not think, for instance, they gave enough weighting to white working class pupils in terms of their disadvantage by comparison. Is there something going wrong for teenagers in particular in the north of England, where in many places primary schools are doing well, producing kids with good results, and then they are going into secondary and something is going fundamentally wrong?

Lord O'Neill of Gatley: Let me come right back at you with two broad themes here, one again in the broader context and, secondly, specifically, and they relate to each other. As I shared at this thing yesterday, if you look at something called monthly regional purchasing managers’ indicators, the north-west has now been outperforming London for close to the past three years, so there is something going on. It is partly because London has weakened a lot; property related, almost definitely. It is not just Brexit. It started before Brexit.

Interestingly, Yorkshire and Humberside have started to do a bit better, too. The north-east is still significantly below, so if you make the heroic assumption that there is some kind of momentum with the Northern Powerhouse, which is probably a very dangerous presumption to make because the scale of the improvement that is needed is enormous, within it, it does look like the north-east is not really benefiting from what might be going on elsewhere.

Secondly, going to the specifics of your question—and again why I do not think the broad concepts of opportunity areas should be killed—I suspect that there is something to do with this interplay particularly in the less concentrated areas around Newcastle, the city, of very dislocated places that just removed and inbuilt all sorts of issues with youth, particularly white youth. Therefore, you need to give them really specific attention, and what is better than the right conditions to get the best education they can get, because you need to change the whole aspirational thing beyond just the actual results they get. Yes, you are right.



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Again, why the supplementary thing from the Progress 8 change is additionally useful is that it makes it so clear in a north-east context, adjusted for the circumstances, that they are not that bad so, therefore, you have to do something about the circumstances.

Q61 Lucy Allan: Thank you so much for your passion and commitment to the north and for coming here today and helping us stimulate the debate on this issue.

I want to move on to skills. Do you think that the north is prepared for the devolution of the adult education budget? Henri, we could perhaps start with you.

Henri Murison: The simple answer is yes, but I do not think the Department is.

Q62 Lucy Allan: What does it need to do to get itself ready?

Henri Murison: There is a simplistic point, which is that you can have lots of fears and concerns about process or you can focus on the outcomes that you are trying to achieve. The point is that all the places in the north, actually with or without NEDs—because there is a good argument that, for instance, in West Yorkshire, which does not have a mayor, they would be more than able to spend the education budget. At the moment, only mayoral command authorities can get the adult education budget.

The real prize, though, is not just the AEB in isolation. It is influence over the rest of the system. What we would say really plainly is that you cannot have an economic development strategy. We are spending lots of time, money and energy developing local industrial strategies, but if you do not align the skill system it is not worth doing.

Q63 Lucy Allan: Do you want to add to that one?

Lord O'Neill of Gatley: No.

Q64 Thelma Walker: Just thinking about skills, I am really interested in this idea of skills and the brain drain going from the north. I met with a business leader, Longley Farm yogurt—you may have heard of them—in Holmfirth, which is in my constituency. Jim Dickinson was saying that he has a challenge in recruiting local people on the higher level in terms of the technology that is now involved in the industry. Also, from a personal point of view, both of my sons are in business and went to southern universities and now work in London. It could be because they want to get away from their mother, but they tell me that that is where the work—

Lord O'Neill of Gatley: Do they ring you when you come down here?

Thelma Walker: Yes. They give me a bit of time, yes. The issue being that on a personal level both of my sons chose to work in London because that was where the opportunity was. What this business leader is



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saying in Holmfirth is that he has not got the ability often to recruit or it is a challenge to recruit local people who are skilled. What do you think is the answer to this in terms of why we are losing—whole cohorts of my sons' peer group, many of them have ended up in London.

Lord O'Neill of Gatley: That has been going on. I disappeared from Manchester when I was 18 and I have never lived there since and this is—

Q65 **Thelma Walker:** The thing is how do we deal with that?

Lord O'Neill of Gatley: First of all—again, always looking for optimism for the future—I do think around the GM story there is the twinkling of signs of this actually starting to change. In my never ending time there, I have recently been hearing more and more stories about not just people from there thinking about going back, partly because there is some interesting stuff going on with relative house prices, but one or two people who have come from universities elsewhere being attracted to GM because of this kind of buzz. *FT* had a full page thing about the Manchester story yesterday.

It is capturing the attention of some young people, particularly because people now realise—and this is partly why transport is so important—that it is a lot cheaper. If you have the chance of a decent future and a growing income and aspirations, you do not have to necessarily be down here. I think that you have the beginnings of that around GM. It is the beginnings and we need to transform that sort of virtuosity into—

Q66 **Thelma Walker:** I think I would agree with you with key cities, Leeds, Manchester, but there are also the forgotten towns, aren't there?

Lord O'Neill of Gatley: My second part is: I put it in the context of the six things I always bang on about as being necessities to deliver the Northern Powerhouse success. Each of the six are all separate ingredients. Education and skills are two of them but it is also transport, devolution. Some of the questions on adult education I was laughing to myself. It only started five minutes ago. GM was the first. The mayor has only been in place just over two years. This is all very recent.

As Henri highlighted so clearly, adult skills, they only just got it. It was supposed to have happened when they first had the devolution signing before the mayor and they have only just got it, so there has not been a lot of time for some of the things that are supposedly going on in the better places that have devolution deals, but there are vast areas of the north that somehow have not yet managed to get any devolution.

Q67 **Thelma Walker:** What do you think about the engagement of businesses and how that could be developed?

Lord O'Neill of Gatley: My fifth and sixth necessity is we need more direct engagement of more businesses. Again, in a GM sense, I used to talk about for many years that Greater Manchester did not have a single



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FTSE 100 company headquartered there, but I think TalkTalk is now. Amazon has made a big statement about doing stuff there, but you need a lot more of that and it all links to each other.

The final thing is you need people sticking their neck out—I would call it change makers—to want to do something differently. Again, it is why I always banged on about Northern Powerhouse as opposed to the north. Just sitting around and saying, “We are from the proud north and we used to have this and we used to have that” is not going to excite young people to think, “Oh, let me go and live up there because they used to have something that went on 100 years ago”. All these things need to be functioning together. You need something to excite business. You need something to excite young, smart people. The bits involving education and devolution, they all go together in my view.

Q68 Lucy Allan: I want to ask about the Augar review and the recommendations in there in terms of addressing the skills shortage in the north. Is there anything useful in there you think we should be pushing for the Government to adopt?

Lord O'Neill of Gatley: I personally have only read the media. I have read more about your transcripts than I have the details of—

Lucy Allan: Good.

Lord O'Neill of Gatley: I have read the media coverage. Superficially, there were bits of it I thought sounded pretty sensible, particularly on adult skills. I also think that, linked to that, pointing out the relative importance of some university degrees compared to proper adult skills needs serious repositioning, which I know is something that you guys have talked about a lot.

Q69 Ben Bradley: We have not met before. It is really refreshing to hear your evidence this morning, so thank you.

I was going to go back to what Thelma was talking about in terms of forgotten towns and that discussion. I lived in Salford for a while and I had a really positive time living up there. I see the optimism in the growth for Greater Manchester as an area, with this massive mayoral devolution that allows you to be more collaborative and have this longer term planning. I do not see that same support for places like my constituency in Mansfield in Nottinghamshire, which is exactly that town you talked about that likes to talk about our proud history of things that happened 30 years ago that does not attract people to want to stay there and work there. What is the best way of achieving that kind of place-based focus?

You talk about opportunity areas a lot. Mansfield, even though it is higher on the charts than most of the opportunity areas that do exist, does not have one, so we miss out on that. How should we be mapping that? How should we be structuring it? Should we have that kind of devolved authority everywhere?



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The East Midlands, again as an example, the Midlands engine is focused very much on Birmingham and the devolved authority. In the East Midlands you have 27 different councils that cannot work together and cannot pull their priorities together. What does that structure need to look like if we are going to be able to deliver that everywhere?

Henri Murison: In education terms specifically, you can make a strong argument that when we talk about cities what we are really talking about is city regions. The kind of Longley Farm answer, which is similar to this one, is that in reality the universities in that part of the world need to retain more of their graduates. You then need to do more on adult skills, and that has to be done at a wider level than just the individual town. That is the challenge, which is that the functional economic geography of our towns and cities does not work in the north and many parts of the Midlands. It is exactly the same problem, which is that people are often too disconnected from the major cities to really benefit from them. Then, even when they are connected, we do not necessarily have the skills and education system right so that people who come from these places that theoretically could get a job somewhere actually can get a job there.

That applies in, say, Hilary Benn's constituency, which is literally a few hundred metres from the city centre of Leeds, as much as it does in a town because what we are really talking about is whether people from different backgrounds can access the opportunities that exist and can do so while staying part of their community in the broader sense if they want to, or choosing to move and move around if that is what they want, but not having a presumption that they have to do that to access opportunity. The Government have really lost momentum on devolution and are now saying that after Brexit they may do something but not very much, which is a separate issue for another part of the policy agenda.

Education was never central enough to devolution in the first place and we have not seen anywhere near enough progress on more city regions getting devolution. Those two things will be much more sustainable solutions rather than more area-based programmes that are not underpinned by any democratic legitimacy or oversight because, as I was saying earlier, if you can do things for a long term then they will subsist and they will keep coming. If you do things as an initiative, they will always eventually die out.

Lord O'Neill of Gatley: I have two quick comments. The first one is to highlight something I just wrote about in the *FT* myself on Stockport. It is very close to where I am from, which I watched sadly for years. Out of the blue, it looks to me—and it does link partly to what GM has had devolved because it gives the mayor some powers—Stockport's own leaders are creating a very credible, exciting plan for doing something to change the buzz about Stockport.

The second thing is it is easier for them because they have the help of the devolved capability. When you get to more isolated towns, it is trickier; it is definitely trickier. We need things like the concept of a



place-based fund to become more central to how country policy makers think.

I have to say in that regard—linked to the broader issues of Trumpism and Brexit—in the world where I originate from, if one could describe economists as big thinkers, which one probably shouldn't, it is interesting that some prominent people around the world, the ex-Indian central bank governor, Rajan, who is touted as one of the possible new candidates here, rightly or wrongly, is talking a lot about communities, for example, out of the blue. Paul Collier, a famous economist in development economics is now extremely passionate about the north of England. I think that the environment for really homing in on these things is getting better.

Q70 Ben Bradley: That is good. I certainly agree that the collaborative element on a local level in that decision making is vital to it. It is the bit that we struggle with locally.

Still on opportunity areas, you mentioned last time the need for this genuine zero to 25 approach—I think that it was you, Henri, who said that—and taking it back for these kids. If you want to achieve outcomes for young people, you have to take it back to when they were born and start there. It touches again on what has been said about the broader services and children's services as well. Have you figured out how to do that?

We are talking a lot about your interventions. Lucy has just been showing me through your report. It focuses on the secondary schools, and again some that seem to crop up look like they are in my neck of the woods as well. It is really interesting and it would be a hugely welcome intervention, but it still focuses on secondary education specifically when a lot of the data suggests that by the time kids get to five or six they are set in a pattern in a lot of issues. How do you do that if you have very focused, limited cash, you have focused interventions and you are calling for interventions in secondary? How do you take that back to the start?

Lord O'Neill of Gatley: Very quickly, as Lucy knows, the answer is early years. The other parallel part of my hat here is with SHINE, the educational VC. We moved north getting on now for two years ago and one of the big things we are really focused on and have committed some of our capital to is on early years, for all the reasons you say. It is quite clear to me, from the 20-odd years I have been thinking about all this stuff, with the very odd exception of the north-east, if you don't put a lot of initiative in in early years the other stuff all gets progressively more difficult.

Henri Murison: In terms of the detail of our proposals, we would say you need a third split, so you would spend a third at secondary, a third at primary and a third at a Sure Start point, whatever you want to do in that space. That is very similar to what the Children's Commissioner said. She also looked at area-based budgets around the early years.



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The very specific point about how you make sure you spend that money effectively is that, at the moment, what we are not doing is thinking about where the key issues are in the system. The evidence says that if we cannot close the disadvantage gap by 11 it just gets wider. The challenge is: can you get to five and have closed the disadvantage gap? Can you even start to exceed so that at primary schools in some of our most challenging areas they are getting better outcomes than the national average with many of those kids? Can you have zero to almost positive gaps, so can you sometimes get to the point where your disadvantaged kids at 11 are doing better than the average in that school, which is where you really aspire to get to, right?

That will then mean that in secondary education you have a fighting chance of turning it around, but if you continue to allow the disadvantage gap to grow pre-11 and pre-five, which is what is currently happening relative to London—so London is making huge strides within those areas, and they are partly driven by demographics but they are not entirely demographic led—we need to catch up.

If the Government took a systematic view you could see very clearly how that would get you to the point of genuinely closing the disadvantage gap entering into the world of work, because what you really want is people to be work ready. We have talked very much about measuring income, say, at 25 because that is a better way in the longer term to measure schools. We cannot do that now because it would take quite a long time to start doing that, but we should start feeding that into schools so that they understand how their kids have done 10 years after they have left. Hopefully, they will then focus on some of the challenges and opportunities for those young people, because even those who maybe do not attain academically could still have more of those work-ready skills, like the UTC movement and others prioritise, and that could be mainstreamed across the wider education system.

Q71 Thelma Walker: Could we go back to your proposed northern schools board? I would like to know more about your vision for that. We are talking about £5 billion over five years. That is a heck of a lot of money, so how would it work and what would be your success criteria at the end of that? What would you want to see for that investment?

Lord O'Neill of Gatley: As candidly as always, my strongest view about it is that we need to break these—from what I can broadly observe—not really successfully functioning regional commissioner structures, and that is one way of doing it. That is the biggest attraction of it to me.

The second thing, however, as I have already alluded to, is that I am very mindful of creating some other entity just for the sake of creating an entity.

Chair: There are so many already. I can give you a list.

Lord O'Neill of Gatley: Yes.



Q72 **Thelma Walker:** How would this be different?

Lord O'Neill of Gatley: In a way it is a partial solution in the education part of the six necessities while we do not have mayors all over the rest of the north. I am not sure of the geography of the north that is covered, but there are only, what, four elected mayors across the north today?

Henri Murison: It is about half. After the north-east it is about half.

Lord O'Neill of Gatley: If we had all the big urban areas all with elected mayors, I would not be in favour of it myself because I am not sure. If you had proper, devolved educational capabilities within those broader areas you would not need it, so I think one would have to be careful.

The third thing I would say is that I would link it to what I think is, as I said earlier on, more necessary at a national level, which is a 10-year plan and to have non-elected people—in the same way that a monetary policy committee has non-elected people—of outstanding credibility who are there to try to make sure the journey is being travelled irrelevant to the ins and outs of what is going on in Whitehall. You could do that, conceptually at least, within the north.

Q73 **Thelma Walker:** We are talking about 500 schools, are we, in this?

Lord O'Neill of Gatley: Which need real support. At the moment that is the case.

Q74 **Thelma Walker:** Yes. Your success criteria would be to close that gap?

Lord O'Neill of Gatley: Of course.

Q75 **Marion Fellows:** I want to talk about research and development and higher education. How can we make the most of what universities in the north have to offer? It is kind of going back over some ground again.

Henri Murison: Referring back to that same report that Lucy kindly quoted, we have suggested that you already have the target by 2027 to raise the amount we spend of GDP to 2.4% of R&D. Not all of that will be through universities, but at the moment that gets disproportionately spent in the golden triangle. I think the current and the former universities Ministers have been very receptive to this. Sam Gyimah, who was previously in the job, and the current incumbent, Chris Skidmore, have both accepted the principle when we have debated it with them that while you are levelling up investment you should index that more in the north of England.

If you look at the success, say, of the AMRC in Sheffield, not only do they have a great apprentice centre—which I think you visited when you were with us recently—but what they have managed to do in Sheffield now is the best engineering department in the country. That is not because they have lots of traditional academics doing traditional research and engineering. In fact, they have an engineering department that I think would be 20th in the country or something, so it is good but not



exceptional. It is because of all the research that they do; 60% of that spend comes from partnerships with industry through the AMRC.

The reality is that some of our big opportunities through the N8, which is the group of research-intensive universities that Jim is a great supporter of, but also the wider universities in the north, of which there are almost 30, they can all play a big role. A number of them are very committed to thinking about how we can rebalance a lot of that spend.

One of the big risks of the R&D target that the Government have set, which is another bit of policy in BEIS, is that we already subsidise science for the world. We could subsidise lots of global businesses' R&D if we are not careful. What we actually need to do is make sure that the R&D being done in the country generates employment and because the areas of R&D intensive industry, like manufacturing and energy, are in the north, that is where the money needs to be spent more.

Lord O'Neill of Gatley: Some of my pals who are vice chancellors of these northern universities will be annoyed if they read the transcript of what I am about to say. It is all very important, of course, that every university competes to maintain and improve its own absolute and relative excellence, but a big frustration of mine is that this N8 entity that Henri mentioned does not really achieve much.

It does link eight universities that are recognised in the world's best 100 and, as it relates to certainly the industrial strategy of the outgoing Government, I think it probably could have achieved more in the pie for all those eight and others if they were somehow maintaining their important competitive spirit but collaborating through that to see what again relates to the four primes, as it is known, the areas of advanced manufacturing, alternative energies, digital and modern health, of course. They could probably get a more credible approach from funding out of here than if they just do it on their own because they are often competing.

Coincidentally, another important example about Sheffield just in the past few days—another important part of my life—is apparently they have just discovered, one of the first places for many, many years, a new gram-negative potential drug. I often joke about this: there are more AMR centres now suddenly bubbling up all over the north of England than there are areas that have had devolution. If they approach central government together for a big pot, that could be chivvied out in the way they want to squabble about it. I would love to see northern universities treating the N8, and forcing the N8, to be more serious.

Q76 **Marion Fellows:** I find this really interesting because it is one area in the Education Committee that is UK-wide and we have other examples in Scotland. It is much more cohesive because it is smaller and we have been together a lot longer.



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Henri Murison: Keith Ridgway, who leads the AFRC, also does something very similar for the Scottish Government, so there are some synergies there as well.

Q77 **Marion Fellows:** Yes. As the Northern Powerhouse Partnership, how are you influencing the Government to invest in research and development in the north, so I can pick up tips?

Henri Murison: This is one area where I would say there is a part of the Education Department—because obviously that is also where Chris sits for part of his job—where we have had real support. I would say that the level of ministerial commitment to doing this and achieving this is significant. The reality is something like Strength in Places, which is a very modest fund, has not really achieved very much because it was far too modest.

If we are going to invest significant amounts of money in rebalancing R&D the next Chancellor—we have talked about the next Prime Minister—needs to think seriously about the scale of R&D investment we need. That will require a different approach to policy making and I think Jim is absolutely right. We have some compelling propositions to expand some of the things that are currently in one place and make them work for the whole of the north. That would serve the national interest the same way many assets in Scotland do, and I think that is a big opportunity for us if we can make it work.

The Government also need to think differently because if they keep presenting opportunities like Strength in Places that are so modest and unambitious, places are unlikely to collaborate and achieve significant opportunities because the scale of funding does not match up to what might be more lofty aspirations.

Q78 **Marion Fellows:** Is there more you could be doing? I assume you are doing your utmost, but have you thought of other ways that you can influence?

Lord O'Neill of Gatley: Of course, yes.

Q79 **Marion Fellows:** Do they listen?

Lord O'Neill of Gatley: We haven't succeeded in changing the amount of capital yet, so yes, of course. It is important certainly from a board perspective and pressure on Henri and his team, yes. It is crucial. Again, slightly hopefully, I see noises coming out of possible candidates for the next leadership that are at least saying some interesting things about all of this.

Marion Fellows: You are writing it all down and are going to be using it in the future, yes.

Q80 **Chair:** I have a final question. We have done an inquiry into artificial intelligence, the march of the robots and the impact on education. Hopefully, we will report just before the summer. Have you done a study



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into the effects of automation, artificial intelligence and robotics on jobs and employment and also how the north should respond to it, or will you be doing that kind of work?

Henri Murison: The NPIER, which is our Northern Powerhouse economic review, looks at some of those productivity trends and in certain industries the number of people employed in them does go down, even though they have become a lot more productive. What is interesting, though, is in the north of England clearly in all those sectors that are affected by automation, some of them may generate employment. In manufacturing, if Jürgen Maier was here, the chief executive of Siemens, he would say you can generate more jobs if you do it right.

Q81 **Chair:** What are the figures for jobs? The Bank of England says 15 million jobs potentially at threat. What are your figures?

Henri Murison: We would say that if you consider the number of jobs that are generated in sectors outside the one, so for every person—if you are in manufacturing and you generate a knowledge-intensive job by being in manufacturing, the Northern Powerhouse assumptions are we are going to create 800,000 more jobs by 2050.

Q82 **Chair:** How many?

Henri Murison: 800,000 more jobs than a do-nothing scenario in the north, and that includes automation—

Lord O'Neill of Gatley: That is a productivity gap closing scenario.

Q83 **Chair:** Right. That is not in response to necessarily AI?

Lord O'Neill of Gatley: It is not AI, no. The answer is we as the Northern Powerhouse Partnership have not done anything specific on it. I tend to have a slightly unconventional view. I am far from convinced that the growing role of AI is going to cause so many problems. The quality of work is an issue, but a decade on from the financial crisis one of the big surprises that rarely gets talked about is employment throughout most western democracies is close to the highest levels for 50 years. There is no evidence of this yet. There are issues about the quality of certain work, but if you really weighed into the employment stats in the UK a lot of superficial, frequently described things are not actually supported by a lot of the evidence.

Chair: Thank you.

Henri Murison: We will keep an eye on this, Rob, along with other public bodies this year.

Q84 **Chair:** I would also be interested to know how you think that the north should respond to it. I would like to see what your numbers are and how you think the education and skills system should specifically respond in the north. If you could help us—



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Henri Murison: Yes. We are really keen to do that. Some of it is not probably going to be ready for a few months, but what we could certainly do is work with you on shaping that.

Chair: That would be great. Thank you very, very much; really good.