



## Education Committee

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Permanent Secretary  
Department for Education  
Sanctuary Buildings  
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17 December 2015

Dear Chris

Thank you for your letter of 11 December outlining proposals for reform of the Department for Education's Estimates and accounts.

The Committee is very conscious of the major problems your Department has encountered in the production of a consolidated DfE account over the last two years. It is clearly not acceptable or sustainable to continue to have accounts for such a major area of government spending which appear so late and are so heavily qualified by the National Audit Office.

We are also aware of the lengthy and detailed discussions which your Department has had with the Treasury, National Audit Office and others to help improve the situation going forward. Mindful of these facts, we have considered the proposals set out in your letter. In doing so we have taken note of the options considered, the recommendation you have made, and the consequences of the changes which you propose.

We note that:

- You will remain accountable for all academy spending included in a new sectoral account;
- A suitable alternative mechanism for maintaining Parliamentary approval of public funding provided to academies would remain, through the voting of grant to, rather than spending of, academies;
- Arrangements would be established to monitor and review implementation, and, in the future, whether they remain suitable;
- The Comptroller and Auditor General is content with the proposed changes; and
- The Alignment Review Committee has carefully considered the proposals and recommended them as a way forward.

Accordingly, I can confirm that this committee is prepared to support the proposed reforms and the arrangements for their implementation, as set out in your letter.

However, we regret that the Department did not foresee and address earlier the accounting problems that have arisen as a consequence of the rapid growth in the academies sector. Local authorities have managed to bring together spending from their schools into their own sets of accounts for many years; it is therefore disappointing that these problems were not anticipated to a greater extent before the large scale growth in the academies sector began to take place.

Nevertheless, I can confirm that this Committee is prepared to support the proposed reforms you propose, subject to clear review points, in particular when the number of academies stabilises. We will maintain a close interest in this matter, and will invite you to come before us in the new year to discuss implementation and future steps.

As you will know, under a protocol between Government and Parliament, it is normal for the Liaison Committee to determine whether to agree to any changes which lead to new misalignments between Estimates, Budgets and Accounts. I can confirm that this Committee is content for the Treasury to write to the Chair of the Liaison Committee, following this letter, formally seeking the Liaison Committee's agreement to the change you propose.

I am copying this letter to the Chairs of the Liaison and Public Accounts Committees, the Chief Secretary to the Treasury and the Comptroller and Auditor General.

Yours sincerely,

Happy Christmas!  
Yours  
Neil

**Neil Carmichael MP**  
Chair of the Education Committee