



Northern Ireland
Assembly

**COMMITTEE
FOR EDUCATION**

OFFICIAL REPORT
(Hansard)

**PEDU Stage 1 and Stage 2 Reports:
Findings**

7 December 2011

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Mr David McNarry (Deputy Chairperson)
Mrs Jo-Anne Dobson
Mr Phil Flanagan
Mrs Brenda Hale
Mr Trevor Lunn
Mr Conall McDevitt
Miss Michelle McIlveen
Mr Daithí McKay

Witnesses:

Mrs Katrina Godfrey)
Mr John McGrath) Department of Education

The Deputy Chairperson:

Good morning; you are very welcome. I welcome to our meeting this morning John McGrath, the deputy secretary at the Department of Education (DE), and Katrina Godfrey, the director of planning and performance management. You are both very welcome. Papers for this session have been provided to members.

Before I ask John and Katrina to make their presentation, I will say once again to them how disappointed we are as a Committee that the papers that we were expecting from the Department did not arrive until late yesterday. This is not the first time that that has happened, but we hope that it will be the last. We feel that the Committee is being disrespected. We are prepared, at this

stage, to leave it at that. However, I hope that you are mindful of those remarks and that it will not happen again.

Mr John McGrath (Department of Education):

Chair, I apologise for the late arrival of the papers. I want to make it clear that there was no intention or desire on the part of officials or the Department to disrespect the Committee. However, I take your remarks in the spirit in which they were made, and I will take that away with me.

We welcome the opportunity to come to the Committee to provide an update on the work of the Department of Finance and Personnel's (DFP) performance and efficiency delivery unit (PEDU) that relates to education and how DE is responding to that work.

You will recall that, in July 2010, the Executive agreed that, as a result of the UK Government's decision to reduce the funding available to the block for 2010-11, the education and health sectors would be exempt from in-year adjustments to Departments' budgets. That was on the condition that:

“the Ministers for Health and Education agree to DFP, on behalf of the Executive, commissioning PEDU to undertake work into the scope for, and delivery of, significant cost reductions across the two sectors.”

The respective Ministers of Education and Finance and Personnel formally established the review of the education sector in late 2010. It was agreed that the review would focus largely on the operational services provided by education and library boards (ELB), as maximising savings in those areas would leave more resources available for the classroom. The review's terms of reference have been made available to the Committee in the papers that were forwarded.

DFP officials, supported by colleagues from DE, have undertaken the review, which is being taken forward in two stages. Stage 1 involved the identification of broad areas in the education sector where there may appear to be scope to make savings. Those included home-to-school transport, school meals, ELB administration, school cleaning, the Council for Catholic Maintained Schools (CCMS) running costs, professional development, teachers' pay and pensions administration, and ELB procurement. The Department has now taken action to progress the areas identified at stage 1. A table in members' papers summarises how those are

being addressed.

Stage 2 of the PEDU work focused on the scope for securing cost reductions in home-to-school transport and the school catering service. Both stage 2 reports have now been completed in draft form following detailed engagement between DFP and DE officials. Once the Minister of Finance and Personnel is content with the draft reports, the next stage is for them to be presented formally to the Education Minister, which we expect to happen imminently.

Although, therefore, we have not yet had sight of the final reports, we can advise the Committee that they provide very useful analytical evidence that could allow further savings to be identified in both areas. Such savings could be used to ease pressures in the core areas of teaching and learning. As you know, the Department's current savings delivery plan has already targeted transport this year for savings of up to £5 million.

The draft report identifies considerable variations in practice. Recommendations focus on four main areas: staffing; procurement; access and eligibility; and improved use of benchmarking and learning lessons from elsewhere.

The Committee also asked for a briefing on the PEDU report that was completed in March 2010 that looked at benchmarking retained corporate functions across NI Departments. That included a specific focus on retained human resources (HR), finance and information and communications technology (ICT). That report is very much a high-level snapshot; it is not based on detailed analysis.

DE has a ratio of HR total staff very similar to that of other similarly sized Departments. It is clear that the best ratios are in the largest Departments, reflecting the associated economies of scale.

Subsequent analysis of retained finance by the Department has highlighted discrepancies across Departments in those staff who were or were not included. It appears, for example, that other Departments included only finance staff working directly in their finance directorates. A similar calculation for DE would immediately reduce the number by 40%, from 110.7 to 66.4.

Where ICT is concerned, the report notes that it is difficult to draw a comparison between

Departments, given the different nature of their ICT support needs. The table at 3.3 in the report confirms that DE has seen one of the largest reductions in departmental IT staff since IT Assist became operational.

I will conclude my remarks now, so we are quite happy to respond to any comments or questions.

Mr Flanagan:

There is not really much mention of the procurement of ICT in the stage 1 report, but what incentives to reduce energy costs are in the C2k contract? I have spoken to a number of people who are involved in ecoteams in schools that are charged with reducing the carbon footprint of schools. They are reporting that every morning people in the IT team switch on every computer in the school and that they are left on for the whole day from Monday to Friday. When someone contacted C2k they found out that all the computers need to be on only on Friday mornings for the weekly update. If you look at all the ICT equipment in the schools estate, massive savings would be made if computers were turned on only when needed.

Several schools have also told me that the rooms where they keep their computer servers have air conditioning, but they sometimes find that the doors or windows are open, which defeats the purpose of an air conditioning unit. There is massive waste there, and a lot more could be done through the tender. Would reducing energy consumption and waste be part of any new tender contract for ICT equipment and service provision?

Mr McGrath:

Reduced energy consumption is clearly important not only for cost but for the carbon footprint and the green agenda. The examples that you highlighted are not the sort of things that we are keen on happening. Obviously, to a certain extent it is up to individual schools to ensure that, for example, air conditioning is not running with doors open. That is basic day-to-day management. Where the future procurement of equipment is concerned, we will be looking to reduce energy consumption and, as far as possible, deliver the green agenda.

Mrs Katrina Godfrey (Department of Education):

I think that that is right. The key thing about the examples that you mentioned is that they would be best dealt with not through the C2k contract but by individual schools practising good

housekeeping and good energy efficiency and conservation. The key point at the strategic level is to make sure that, to take your example, the servers are restricted to being on only when it is actually necessary. However, a lot of the individual housekeeping will be a matter for individual schools. The principals that I have talked to are very seized of the fact that they need to make sure that they apply common sense and do not do the sorts of things that contribute to not only carbon emissions but a higher fuel bill than is strictly necessary. They need to apply such common sense not just because of the time of year that it is but because of the cost and efficiency issues that we all face, at home as well as in schools and offices. We can look to make sure that schools are reminded of those key points through the normal communication that we have.

Mr Flanagan:

I think that consideration needs to be given to including that in a new tender contract. Whoever is managing the C2k or Northgate contract is more concerned about the number of times that the computer is turned on and off. If a button is damaged, they have to send someone out to fix it, and people are reporting that there is a call-out fee of up to £100 a time. They are trying not to have a situation in which a button is being pressed four or five times a day, because that will save them money, whereas what a school spends on energy makes no difference to them at all. That needs to be taken into consideration.

My second question relates to the procurement of energy. I know that there is scope for making savings on energy. What is the Department's position on energy broking in the Department? Is it left to individual schools to get their own energy, or does one board or all five boards do that?

Mr McGrath:

Rather than energy brokering being left to individual schools, there are a number of five-board contracts for energy. Clearly, the bigger the contract, the greater the scope to maximise savings. That is an issue that we still want to pursue so that we can drive down costs in the future. We will be exploring the improved arrangements for procurement that we are working on to get the centre of procurement expertise (COPE) status for the education sector updated. We will look at the scope to aggregate up contracts for energy, whether that is in the education sector or beyond, so that we can get value for money.

Mrs Dobson:

I have a couple of points that I want to raise with you, John. Chapter one of the report deals with school transport. Does the Department hold figures for the number of students that are transported between schools? Does it know the impact that school-to-school transport has on individual schools' budgets? From speaking to school principals, I know that that is a major issue for them. Do you have those figures?

Mr McGrath:

We have a copious amount of detail on school transport and on the number of kids that are transported. I am just not sure what you meant when you asked about the impact on school budgets.

Mrs Dobson:

I asked specifically about the number of students that are transported between schools.

Mrs Godfrey:

Do you mean the numbers that are transported from school to school?

Mrs Dobson:

Yes, as part of the entitlement framework.

Mrs Godfrey:

The focus of the home-to-school transport policy is very much on transporting children from their home to the school in which they are enrolled. We do not hold centrally the detail of the number of visits that take place between schools. Those visits may happen for all sorts of reasons, including sporting fixtures and access courses under the entitlement framework. Schools themselves have traditionally organised those sorts of things, generally in area learning communities in the post-primary sector, on the basis of what works most efficiently and effectively for them.

The focus of the stage 1 and stage 2 reports is very much on the home-to-school transport angle and the arrangements that are in place to get children to school safely and on time and back home again. The reports also focus on the division of responsibilities between the education and library boards and parents, who, of course, have the primary responsibility.

Mrs Dobson:

I am aware of that. If schools are to meet the requirements of the entitlement framework, a considerable amount of co-operation will be required between schools. There will also be an increase in the number of students that are transported during the school day. That is an issue that I hear about time and again. Do you have a view on either the time that students should be away from school or the cost implications for school budgets?

Mr McGrath:

In his statement of 26 September, the Minister confirmed that the entitlement framework would be passed into law, and he indicated that he wanted to change the profile and pattern of education provision. He is of a mind that certain schools should be bigger and that children should spend the most part of their post-primary education, particularly sixth form, in one school. We are not keen on complex arrangements being put in place that mean that kids have to go to two or three places and spend a lot of time travelling. That is not ideal.

Mrs Dobson:

I am aware that, in my constituency of Upper Bann, schools will be asked to provide transport to meet the entitlement framework requirements.

Mr McGrath:

That may be necessary in some cases, but in testing the entitlement —

Mrs Dobson:

Providing transport between schools and how that will impact on their school budgets is a major worry for principals. They are at a loss as to how they are going to meet those costs.

Mr McGrath:

Schools will have to demonstrate that they can deliver the entitlement framework and that they can do so with quality and coherence. It may be the case that, in the future, some schools will not be big enough to deliver the framework. However, a world where kids spend an awful lot of time travelling to different venues is not ideal. It is not good educational provision.

Mrs Dobson:

Does that mean that you would not support that?

Mr McGrath:

In the past, we may have got too hung up on collaboration as an end in itself. Collaboration is simply a means to an end. I think that most parents want their children to spend the vast majority of their time in one place. If they have to move, it should be for some specialised provision that one school in an area may provide.

Mrs Dobson:

The principals who I have spoken to in my area are very concerned about the feasibility of meeting this requirement.

Mrs Godfrey:

Picking up on the point that John made very clear, the expectation in the sustainable schools strategy is that, at Key Stage 4, schools should be of a size, scale and organisation to meet a minimum of 85% of their pupils' needs. That allows for access to the sorts of courses that are best provided by the further education (FE) sector or to those that are not possible for every school to provide but that can be delivered through sharing with other schools. Our expectation is that children, particularly 14- and 15-year-olds, will spend the majority of their time in the school in which they are enrolled. That is where the pastoral care, leadership and all the other resources are available on tap.

The Deputy Chairperson:

The member has, as other members may during this discussion, referred to an issue in her constituency. Would it be helpful for the member and for you, if, where there are particular examples, she could have access to you to talk about those concerns? In that way you can circumvent —

Mrs Dobson:

That would be very useful.

Mr McGrath:

I would be quite happy to do that. In his statement, the Minister gave directions about tackling

issues in the schools estate, such as applying a sustainable schools policy, clarifying the entitlement framework and, frankly, the information that is now available on budgets. I understand that a lot of schools are facing big challenges. There may be issues about simple scale. In future, it may be that, where there is an issue with population, the minimum viability of sixth forms will have to be much higher than we assumed in the past. Schools are facing —

The Deputy Chairperson:

We are going to talk round in circles about —

Mr McGrath:

I am making the point that I think that that concern is fairly widespread at the minute.

The Deputy Chairperson:

I agree with that.

Mrs Dobson:

Do you intend to take a note of the number of students that are transported between schools? That would be very useful. What would it cost? As the entitlement framework opens out, have you planned to do that?

Mr McGrath:

It may be something that we will look at. We will be bringing out guidance on the entitlement framework. We are very keen, and the Minister is adamant, that it is about not just numbers but equality, coherence —

Mrs Dobson:

Is it also about costings? Do you intend to —

Mr McGrath:

It is about costings as well, but it is about equality and coherence. We may have concerns in some cases if schools manage to deliver the entitlement framework but have children that travel around an awful lot. However, that is not what the entitlement framework is about.

Mrs Dobson:

As the Deputy Chairperson said, we are going round in circles. I may speak to you privately.

May I ask a final question, Deputy Chairperson? In chapter 3 of the report on stage 1 PEDU, you say that savings have been made in procurement and goods services. Phil touched on that earlier when talking about C2k. Last week, the Committee heard that the delivery of new printers to one school was delayed for three months and that they were actually available cheaper in a local electrical store. Have you looked into contractual obligations with third-party companies?

Mr McGrath:

Sorry, I lost the middle bit because of the acoustics.

The Deputy Chairperson:

She was saying that you do not know how to shop. The Department should go to the department stores where it can buy goods cheaper, the same as you or someone else might do when doing your shopping.

Mrs Dobson:

We heard at the Committee last week that it took three months to get printers. When the school finally got them, they were available cheaper locally. Phil touched on this earlier. What are the contractual obligations with procurement? Have you looked into that?

Mr McGrath:

We are looking at procurement. When you have global contracts that deliver economies of scale in general, there is always the possibility that somebody can nip round to the local cash and carry and get an individual item cheaper.

Mrs Dobson:

If that is happening in many schools, quite a significant amount is involved.

Mr McGrath:

Yes, but you have to balance that against the overall savings that are made when you have large contracts and large-scale procurement.

Mrs Dobson:

Phil spoke about energy and different issues. There seems to be —

The Deputy Chairperson:

Representatives from procurement will be coming to speak to us on 25 January. No doubt, we will ask them how many vouchers they get from Marks and Spencer during the year and whether they use them wisely.

Mrs Dobson:

To sum up, we need a move towards smarter procurement, and I will raise that next month. When will the decision be made on new contracts such as C2k? When are they renewed?

Mr McGrath:

It is a rolling programme. There are contracts in procurement at the moment, and there are others working ahead.

Mrs Dobson:

Is it annually?

Mr McGrath:

There is a rolling programme.

Mrs Dobson:

What is the timescale?

Mr McGrath:

A large contract is being concluded at the minute, and others will be coming along. In fact, I was at a meeting about this yesterday. We recently commissioned a gateway review about our overall ICT strategy for the education sector just to be sure that we are not on a conveyor belt of simply replacing plant without standing back and looking at the situation. With technology moving so quickly in this digital age, new things are arising, such as cloud technology, so we perhaps need to look beyond the managed service model.

Mrs Dobson:

So, there is a rolling programme but no timescale?

Mr McGrath:

We have a programme of procurements. The platform that we have in the managed service model was, of its time, critical, and it put this place well in advance of many others. It is still well in advance. However, we are also saying that we want to stand back at the minute and make sure that that is the real long-term direction for ICT in the education sector, given the digital age and the advent of social networks. A lot of things have changed. Therefore, although the platform that we have is great now, it may not be right for the future. We would be quite happy to come back and talk about that in detail if you want. I am quite happy to give detail of the schedule of procurements if that would be helpful.

Mrs Dobson:

Yes, it would.

The Deputy Chairperson:

That would be very helpful. Are you talking about the programme?

Mr McGrath:

Yes. We have an ICT programme board for the education sector. We sat yesterday and reviewed the schedule of projects and contracts.

The Deputy Chairperson:

If possible, it would be helpful if we could see all that you have, possibly for our next meeting.

Mr McGrath:

I will do my best, Deputy Chairman.

The Deputy Chairperson:

If you have it, John, surely it is only a matter of putting it in an envelope.

Mr McGrath:

The Minister clears everything that comes to the Committee. That is a mark of respect to the

Minister. It is simply five days. In the same way, sometimes communication on what the Committee wants comes to us the day before a meeting. It takes time for the necessary bureaucracy to work. I will see what I can do.

The Deputy Chairperson:

Perhaps you could tell the Minister that we made the request. If he knows that it came from the Committee, I am sure that he will respect it.

Mr McGrath:

I will see what I can do, particularly if I can just lift something that is there without having to write a paper on it.

The Deputy Chairperson:

Thank you, John. I am just making the point that it is helpful if we have the information that you have. That makes it easier for us to grasp what you are talking about at times.

Mr McGrath:

It is also more helpful for us if you have the papers in advance.

The Deputy Chairperson:

Perhaps when we meet again, which we will, you will observe that and think about what documentation the Committee might find helpful. Instead of telling us that you have that documentation but that you cannot it to us, you might think in advance about that, and then we can work together through your administration and ours. I think that that would make life easier.

Daithí is next to ask a question, then Conall will ask one. Before they do so, I ask you to look at chapter 3 of the report, which is on the education and library board administration. I am a big fan of PEDU. I am mindful about why PEDU has gone in, in my words, to investigate the Department of Education. Basically, as far as I can see, the good work that PEDU does actually lets Committees and MLAs be more comfortable about the fact that, whenever money is given to Departments, it has an interest in that and states where their failings and good things are. Regrettably, one never hears much about good things. However, that is perhaps not what PEDU is asked to investigate.

In the summary observations in the PEDU document, three comments under paragraphs c, d and e caught my eye. They state:

“c) The grade profile of administration staff is not consistent across Boards, with the BELB and the SEELB appearing top heavy.

d) The administration of Board services appears quite disparate with staff spread across 95 sites — a great many of which appear very sparsely populated with staff in the SELB, the NEELB and WELB areas.

e) There appears to be some potential to realise savings through natural wastage in the context that 1 in 5 administration staff are over the age of 55.”

That sounds rather brutal. I know that those are not your words but PEDU’s. It is saying that, if you work on the basis that one in five members of staff is over the age of 55, you will get some savings. I am quite aware of what will be talked about sometime today, which is that 100 people could lose their jobs in administration in the health service. How will the Department channel those observations? Will you ignore them, or will you act on them?

Mr McGrath:

We are already well advanced in acting on them. Although I am not sure whether this is a sufficient profile, in our savings delivery plan this year, we are taking £15 million out of management and administration. That £15 million represents significantly more than 100 jobs.

We are taking £15 million out of pure management and administration, and we are taking £15 million out of professional support services, which also fall under the category of management and administration. Therefore, this year, our aim is to reduce expenditure in that area by £30 million. That will result in an elimination of posts, and —

The Deputy Chairperson:

How does that equate to job numbers? How many jobs are you saying are represented in that? How many jobs will be lost?

Mr McGrath:

Well, we cannot take that amount of savings out without reducing the amount of jobs.

The Deputy Chairperson:

I know that; that is why I am asking you how many you will lose.

Mr McGrath:

It will depend on the profile of the people who are going. If we are taking £15 million out and the average salary is £50,000, that is 300 jobs.

The Deputy Chairperson:

Three hundred jobs?

Mr McGrath:

Yes, based on savings of £15 million. I do not think that people quite realise that, to protect the schools budget as much as possible, we are taking £30 million out of the management and administration budget. We are taking out another £15 million next year, so that is £45 million that might otherwise have had to come out of the schools budget. It also represents the equivalent number of jobs for £45 million.

The Deputy Chairperson:

Is what you have just said incorporated in the Programme for Government?

Mr McGrath:

The savings plan is the Minister's savings plan. This year, the first year of it, has already been overtaken by the Programme for Government. Those are significant sums, and they deal comprehensively with the issues that have been flagged up in chapter 3. We have concerns about some of the issues there, particularly the number of sites in some areas. It appears that we have a lot of sites; the suggestion is that we have more than we need. Whether or not those sites are of any value in the market is one issue, but closing them down and concentrating staff in centres would be much better.

The Deputy Chairperson:

I appreciate what you are saying. I am trying to drive down to where we are going to be with this. You are telling us that some 300 jobs will be lost. There is a difference between looking at that on a piece of paper and realising that that is 300 people, irrespective of who they are. Of those 300 people, how many do you think are over the age of 55?

Mr McGrath:

I can only hazard a guess. I would say that a lot are.

The Deputy Chairperson:

Is there a trend in the Department that means that the jobs of people over 55 are at risk? Are they a specific target?

Mr McGrath:

No, but if you offer packages for people to go, you will find that the people who take them will tend to be those who are towards the latter end of their careers. It is more attractive for them to volunteer. People have gone from management and administration under voluntary severance. They have volunteered to go if the organisation can manage to suppress their post. Everyone who has gone has volunteered. It may well be that people who are further on in their career and are possibly looking forward to early retirement are more likely to take up those offers. The offers will be better for those who have more years of service.

The Deputy Chairperson:

This is happening before ESA is established.

Mr McGrath:

Yes.

The Deputy Chairperson:

Have you estimated yet how many further redundancies or job losses will result from the establishment of ESA?

Mr McGrath:

Not yet, Deputy Chair. We will revisit the business model for ESA to update it and to take account of where we are now. If we succeed in taking out £30 million this year and another £15 million next year, we will have to look carefully at whether there is any scope for further efficiencies in the system. One approach might be one that we have always had in mind, and it very much mirrors what I understand has come out of the Health Department today. It is an approach that would centralise a number of back-office functions and get economies of scale out of that. That is very much the pattern that Minister Poots will, I think, announce. However, at the minute, we are chary of assuming that there are significant further savings beyond the £45 million that we have already put into the savings plan.

The Deputy Chairperson:

We will maybe visit that again, because I am hearing that, despite ESA, or without ESA, the boards as they function currently will have to suffer 300 job losses to reach efficiencies. What you are saying is that that might be stretched from the introduction of ESA, whenever that is going to be. Therefore, the boards will continue in existence until that time. I am only asking, but perhaps as a result of the setting up of ESA, you will look at the model for back-office supplies that Minister Poots is talking about. A new form of regionalism could be developed around where we are going on staffing.

I am not getting into the timing of the health announcement, but it is two weeks before Christmas, and I have already said that the target around people aged 55 seems very brutal and seems contrary to most things that I hear. However, I understand what you are saying about the package. I do not want to cause too much worry for people, but there may be around 300 job losses — or more — and there may be more rationalisation. I ask you to stretch as much as you can for the Committee's sake and advise them or include them in those thoughts. I know that, at times, it is not like pulling teeth, but, rather than issues being teased out at meetings like this, perhaps you might take back to your team and to your Minister that, in light of what you have said, which is venturing into the unknown as far as we are concerned — you know a bit more than us — we might want to have some advance indications or opportunities to discuss that type of thing, because what we have in front of us is quite serious.

Mr McGrath:

I am quite happy to do that, but I will say that we have been very open about our savings plan. We have said that we are taking money out of management and administration, and the Committee has a paper on the outcome of the severance programme that we started last year and the numbers who left as part of that.

The Deputy Chairperson:

I understand that. We now know that there is the potential for more revenue to go back into the Department. If that happens, does it cut across those efficiencies? Are they efficiencies or are they just efficiencies to enable you to work within the budget that you have? What ramifications might there be? We do not know what that new money might be. There is talk of ring-fenced money, but we just do not know where it is and what it is for. However, that is part of the

package that we would like to hear about from you in the not-too-distant future, because I think that you will have to go and redo your figures.

Mr McGrath:

I am not sure what new money you are referring to, Deputy Chair.

Mrs Godfrey:

Is it the Barnett consequentials of the Chancellor's statement?

The Deputy Chairperson:

Yes.

Mr McGrath:

On the plus side, that is capital. I am not sure whether there is any resource. In fact, there may well be a hit in resource to pay for the capital.

The Deputy Chairperson:

We do not know.

Mr McGrath:

Inasmuch as it is capital to date, it would have no impact on those issues at all.

The Deputy Chairperson:

I realise that, but it is bound to have an overall effect. I am sorry for taking so much time on this issue.

Mr McGrath:

That is fine. Our job here is to explain and communicate as much as possible. Therefore, if there is an issue that we have further up the shortlist than the Committee does, we will aim to redress that balance.

The Deputy Chairperson:

I respect that, but, as I said, I am a fan of PEDU. Where I agree with PEDU, I expect to see its recommendations implemented. We will keep a careful brief on this matter, but we need to have

the information on what you are doing.

Mr McKay:

I want to ask about estate management. Where are we with regard to unused schools that closed in the past but are still on the boards' books? There will be ongoing maintenance and health and safety costs associated with those schools. Could you paint a picture of what those costs are and how that issue is being approached?

Mr McGrath:

Obviously, the sort of information that the Deputy Chair has pointed out gives us some concerns that some organisations are perhaps not running as tight an estate as they might be. As you say, there are costs associated with those buildings even if you cannot sell them. Mothballing them reduces energy and travel to certain places. We will take a closer look at that. There is an overall thrust to drive up the expertise around and knowledge of asset management across the entire public sector. That is led by the asset management unit of the Strategic Investment Board (SIB), and it was set up at the behest of the First Minister and deputy First Minister. We are drawing up asset management plans that will be available by, I think, next summer so that we can get a comprehensive grip on the issue. We already have a fair grip on it, but, as we move towards ESA, we want to establish exactly what estate we have and what estate we need — that is not necessarily the same thing — and maybe adopt a more ruthless approach to divesting and closing down buildings that do not need to be used.

The Minister made it clear in his statement about changing the profile of schools that we need to look at our existing estate in a much more creative way. We will not have enough money for newbuilds all the time. We want to see a much more active approach to asset management and we do not want to work on the basis that you store up properties or that people need some incentives to divest, because the taxpayer is paying for them. There are issues around what you can get in the market at the minute, but steps can be taken way before that to identify the surplus, get staffing and so on out of it and concentrate staffing. Some of the information in the report gave us concerns about that.

In the past, when schools closed, there may well have been a tendency to find other uses for them, some of which were perhaps worthy — resource centres and that type of thing. That approach may well have been affordable in a more benign environment, but given the times that

we are in now, we need a much more ruthless approach to asset management in general and to the acquisition and divestment of assets in particular. We will look to take a much more rigorous approach to that well in advance of the establishment of ESA.

Mr McKay:

You will be aware, John, that a primary school in my constituency received a significant amount of money for a newbuild but has now closed. It got the funding in recent years. In that case, the school was built on land that was not owned by the Department, but the buildings are still there. There is reference in the papers to a system of clawback. How does that work? How much money can you get back?

Mr McGrath:

It depends on each individual case, Daithí. There were clawback arrangements in the maintained sector and for voluntary grammars. It depended on how long the school had been in existence and how long had passed since we funded it. That example is unique; the period between us putting money in and the school closing was one of the shortest, but I do not know the detail. I could come back to you on that. We have general principles of clawback, but each case is assessed on the basis of how much we put in, how long ago it was and how much it has depreciated. It is an individual calculation in each case, but we could come back to you on that, if you want.

Mr McDevitt:

Thanks for the briefing, John and Katrina. Why does the North Eastern Education and Library Board pay 24% more for every school meal than the South Eastern Education and Library Board?

Mr McGrath:

That is what the stage 2 report should highlight for us.

Mrs Godfrey:

That is one of the things that it is looking at. Variations have come out as a key theme. There will be very good reasons for variations in some board areas because of the way in which the service has to be run to take account of rurality or whatever. In other areas, the reasons will be much less clear. That is very much one of the key areas of focus in the stage 2 reports for transport and, in particular, catering. There is a sense of looking at where the models that are

working are most efficient, whether those are relevant in all areas, and if not, why not, and making sure that that challenge and understanding are exercised.

Mr McDevitt:

Were you concerned when you looked at PEDU's findings on the proportion of direct costs going into every school meal? Did you find it strange that there were such discrepancies in direct costs, and, as a result of that, such discrepancies in productivity across the boards?

Mrs Godfrey:

That is one of the reasons why, on the basis of the stage 1 report, transport and catering were chosen to be the focus of the stage 2 reports. There seemed to be the variation issues that you mentioned, and, potentially, the scope to identify good practice and benchmarking issues and to reduce the cost base in a way that, as John said, would release more resources for the classroom. Those two areas have been the focus of the stage 2 reports so that we can focus that detailed spotlight and analysis on the issues that came out at a relatively high level in the stage 1 report.

Mr McDevitt:

When you look at the indirect costs — the amount of administration or headquarters cost in every school meal — it turns out that in the Western board area, 12p in every school meal served is going on administration, whereas in Belfast it is only 7p. That cannot be explained away by rurality or anything like that. There is no administrative person travelling in the back of the truck. It is just an extraordinary range, do you not agree?

Mrs Godfrey:

As I said, that is one of the reasons why we wanted to look into the matter and get the extra detail that we believe will come through in the stage 2 reports. It allows you to go beneath that to work out what proportion may be due to a very different delivery model in the west because of rurality, or to the role of central kitchens as opposed to a kitchen in every school, and to understand the variations in costs that are a simple product of a different topography and those that are less easily explained.

Mr McDevitt:

What is the total departmental headcount at the moment?

Mr McGrath:

It is just short of 600.

Mr McDevitt:

It is considerably less than nearly every board, then?

Mr McGrath:

Yes; by a country mile.

Mr McDevitt:

If we were to map it out — the boards and the Department — could you rank them for me?

Which has the most staff and which has the least?

Mr McGrath:

The Department would have the least staff, which is right and proper, because we are not running a major system. The Department's figure is as high as it is only because we run the teachers' payroll, which is a bit of an incongruity. I do not have the figures to hand for the boards to date; I will bring them back. They would be affected by the issue that we were just talking about — the amount of posts that are coming out. It is in flux at the moment. We are talking about an aggregate in the thousands; that is where most of the administration in the education system is.

Mr McDevitt:

I will go back to the Chairperson's question about ESA. When should we expect the Bill, by the way, out of curiosity?

Mr McGrath:

When the policy memorandum goes through the Executive.

Mr McDevitt:

Do you know when it is scheduled to go through the Executive?

Mr McGrath:

I do not know as yet, but it is certainly my Minister's priority to bring a policy memorandum to the Executive as quickly as he can and to have visibility. I hope that, before too long, I and other

colleagues will be back here with the Bill.

Mr McDevitt:

What do you reckon would be the percentage reduction in headcount once ESA comes in versus the numbers in the boards and CCMS as they are today?

Mr McGrath:

That goes back to the previous discussion. The necessities of the budget and the need to make savings have overtaken the planned rationalisation of organisations originally envisaged under ESA. It is fairly brutal, but we are taking £45 million out.

Mr McDevitt:

Let us put the budgetary imperative aside, because this is ESA round 2. The point of establishing ESA, one would think, was to achieve a more efficient operational framework.

Mr McGrath:

Yes.

Mr McDevitt:

So, you would never have envisaged that ESA would have just continued as the amalgamation of everything that went before it.

Mr McGrath:

No.

Mr McDevitt:

Therefore, in the ESA model, before you faced the harsh realities of the current budgetary crisis, what would have been your estimated headcount reduction?

Mr McGrath:

The ESA business case envisaged that we would take out, I think, something like 463 posts, which is a saving of about £20 million. That was on the basis of centralising a lot of functions, bringing them into one HR function and one finance function and mopping up the other

organisations. That has been completely overtaken.

ESA has three rationales: efficient administration; driving up standards; and driving forward area planning. In a sense, we are taking out so many posts that we need a single organisation that can manage with that reduced amount of posts, because, if we keep going with six or seven organisations, we could almost not have enough people. The Minister has made it clear that that amount of money had to come out to protect the schools budget as much as possible. So, it is the devil and the deep blue sea with this one.

The Deputy Chairperson:

I have no beef with chapter 5, which is on the CCMS, and the Committee does not appear to have any beef with it. However, it is illustrated in chapter 5 that:

“Although a relatively small organisation, the CCMS has seen a 51.7% increase in its staff complement between 2002/03 and 2009/2010.”

The pay bill has increased from £1.7 million in 2002-03 to £2.9 million in 2009-2010, and there has also been an increase in associated staff expenditure on travelling and training, which rose from £100,000 to £156,000 over that same period.

PEDU has told us that it is quite content with that because the Department sanctioned an increase in CCMS staffing for its work on the post-primary review. It appears that that substantial amount of money has been used for that. It is saying that in excess of 20 staff are not on permanent contracts and that:

“This makes the savings capable of being realised once, in the view of DE, the need has concluded.”

Again, we are talking about people in jobs, and I am sure that they were fully apprised of why they were given that job. The Department is obviously satisfied with the amount of money that has been spent here. Nearly twice the amount has been spent in allowing CCMS staff to work on the post-primary review. When will the calculated savings of around £1 million per annum actually be realised? In your view, has that need concluded now? Is it finished?

Mr McGrath:

The savings have been taken out since 1 April this year as part of the overall reduction of £15 million in management and administration, and the specific funding that was given to CCMS for the post-primary review has been withdrawn now because the need has concluded. So, that funding has ended, and CCMS has had a basic squeeze on its core administration. As a result, it has had to rationalise its structure and almost take a complete layer out. So, significant amounts

of money have come out of that. As the report notes, a lot of the staff were not necessarily on permanent contracts and were acting in a sort of consultancy capacity to assist in a range of exercises — I think there were about 16 — as part of the post-primary review. Those staff would then have been stood down.

The Deputy Chairperson:

That is very helpful. It seems that 13 additional management staff were employed over that time, but “management” is not defined. PEDU says that a further 13 were employed in administration, that the number of manual staff increased by one and that there were four agency staff members, which is a total of 31. Do you know, John or Katrina, how many of those 31 are no longer employed?

Mr McGrath:

I do not know the detail, so I am reluctant to offer a figure. I can establish what the current staffing is. Again, we have taken significant savings out of CCMS.

The Deputy Chairperson:

I realise that.

Mr McGrath:

It has rationalised, so the numbers will be down significantly.

The Deputy Chairperson:

I do not want to go too far into the issue of ESA, because we are still working on that, but, in their statement, the First Minister and deputy First Minister said that the assets and liabilities of the likes of CCMS would be subsumed into ESA. I am sure that we want to find out about everybody who is being subsumed, but it would be very interesting for the Committee to know what the assets and liabilities of CCMS are and what the Department’s responsibilities will be as regards those people and their jobs when ESA comes into being.

Mr McGrath:

All the staff in the organisations that will be subsumed into ESA will transfer to ESA.

The Deputy Chairperson:

Are you joking?

Mr McGrath:

No.

The Deputy Chairperson:

It is your comment; OK.

Before I move on to the next item in the agenda, are members content that we invite the Department back after the final PEDU report has been agreed and shared to brief us on how the report is to be addressed and the recommendations acted on?

Members indicated assent.