



Northern Ireland
Assembly

Committee for Education

OFFICIAL REPORT (Hansard)

Savings Delivery Plan: DE Briefing

24 April 2013

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Mr Mervyn Storey (Chairperson)
Mr Danny Kinahan (Deputy Chairperson)
Mr Chris Hazzard
Mr Trevor Lunn
Miss Michelle McIlveen
Mr Sean Rogers
Mr Pat Sheehan

Witnesses:

Mr Trevor Connolly	Department of Education
Mrs Katrina Godfrey	Department of Education
Mr John McGrath	Department of Education

The Chairperson: We welcome back to the Committee the deputy permanent secretary of the Department of Education (DE), Mr John McGrath. We also welcome Katrina Godfrey and Trevor Connolly, who is the director of finance in the Department. It would only be right that the Committee agrees that we will forward the research papers that we just looked at. If Trevor has not seen them, I am sure that he would be keen to see the work that has been done on forecasting and how well the Department has been performing against out-turn. The Assembly's Research and Information Service (RaISE) has done some work on that. We got the graphs explained to us for the first time. Trevor, a standard has been set, and we are hoping that you will make that process easier for us.

Mr Trevor Connolly (Department of Education): Chair, I have not given you any graphs.

The Chairperson: That is a worry.

John, Katrina and Trevor, you are very welcome. We have been pursuing the savings delivery plan (SDP) issue for a while, so we are very glad that you are here today to speak on the subject.

Mr John McGrath (Department of Education): Chairman, as ever and particularly today, we welcome the opportunity to have dialogue and to talk about the savings delivery plan and the Northern Ireland Audit Office (NIAO) report on the earlier efficiency delivery plans. I will make some short opening remarks, and we will be happy to then take any queries or comments that you or members may have.

As you all know, the budget 2011-15 outcome for Education has been, and remains, challenging. Difficult choices had to be made to ensure that the Department remained within budget. The Minister agreed a savings delivery plan that clearly set out the areas from which savings were to be delivered.

In agreeing the plan, the Minister sought to protect front line services as much as possible. However, with some 60% of the Education budget being allocated directly to schools, it was not possible to protect funding for the classroom in its entirety.

Initially, some £316 million of recurring savings were to be delivered by 2014-15. However, the Minister has kept his budget under review and campaigned for additional resources. As a result of his efforts, the savings requirement has now been reduced by £100 million to a recurrent £206 million by 2014-15, which is still a significant challenge. The updated savings delivery plan and budget distribution timetable have now been made available to the Committee.

Members will have received last week a paper setting out the Department's progress in delivering the savings requirement in 2011-12. In the context of the scale of savings that are to be made, the level of achievement was broadly on target. The key driver for the savings delivery plan was to enable the Department to remain within budget, and that was fully achieved in 2011-12. Work is under way on detailed reports on progress in 2011-12 and 2012-13, and those reports will be forwarded to the Committee before too long.

Chair, I will now offer some remarks on the earlier efficiency delivery programme. I am aware that the Audit Office briefed the Committee last week. The Committee will, of course, recognise that the Budget for 2008-2011 and that for the Budget for 2011-15 were carried out in two totally different financial environments. For the Budget 2008-2011, the Executive required Departments to deliver 3% cumulative efficiency gains across the three-year period. Those were then recycled and reallocated back out to the Departments. The net effect for DE was, however, an overall increase in its budget. As I referenced, in 2011-15, cuts were needed after the Treasury withdrew £4 billion from the Northern Ireland block. Rather than setting explicit savings targets, the Executive determined that it was a matter for each Minister to judge how to deliver his or her priorities from within the budget that was allocated to them. That has produced major challenges for the Department, as the level of funding was significantly less than it was previously. Although the Minister has continued where possible to drive out inefficiencies, it was clear that, in agreeing the savings delivery plan, reductions in the level of funding that was previously available would be needed. Therefore, for large elements of the plan, there was no suggestion or pretence that we were talking about efficiencies; these were reductions in funding.

You will be aware that, in agreeing savings areas, the Minister also protected a number of front line services, such as special education, extended schools, free school meals entitlement, counselling, youth and early years. However, the actions taken in the remaining budgets are largely about cost reductions than efficiency savings. Consequently, the savings that are currently being achieved are being delivered on an entirely different basis from those that the NIAO reviewed. Clearly, the Minister will continue to pursue greater efficiency across the education sector, and that will be a key responsibility for the education and skills authority (ESA) when it comes into being. The Minister will, however, take account of whatever relevant and appropriate recommendations flow out of the NIAO report and address them as necessary.

The Chairperson: Thank you, John. Without rehearsing the contents of the Northern Ireland Audit Office report, it clearly highlighted that the Department has significant challenges and issues on the way in which it was performing. It clearly has an issue with the definition of "efficiency", and, on a raft of issues, it said that one thing after another were not efficiencies. That matter was raised, and we pursued it last week.

I want to clarify a couple of concerns or queries. On 28 February, the Minister wrote to us, and that communication contained an appendix that gave us information on the changes to the allocations. I noticed that one of them was slightly different to another piece of paper that we have. Trevor, this is where we might need graphs — this might be easier for us to follow if there were graphs. The letter of 28 February refers to a "contingency fund", which, I suppose, is basically a slush fund that the Department has — money under the bed.

Mr McGrath: No, Chair, that would not be declared in a table.

The Chairperson: It would not be declared if it were under the bed.

Mr Kinahan: Whose bed?

The Chairperson: Just so that I am clear, in 2013-14 and 2014-15, £13 million and £11 million respectively is allocated to that budget head. When we look at the paper that we received with the Education budget distribution table, which is at appendix A, we see that the contingency for the same period of 2013-14 is £11.9 million and £9.2 million. Am I right in saying that that has been uplifted to £13 million and £11 million, as shown in the table? The read-across between those two tables means that the latter figures are the changes, the former are what they were originally, and the latter again are what we have increased them to. Is that right, Trevor?

Mr Connolly: Chair, if I can just explain, at 28 February — or 1 March, which was when the Minister announced the letter — the figures that you quoted, which were quite correct at that time, were £13 million and £11 million. Subsequent to that, the Minister made further allocations, specifically in special education. That money has come out of the contingency fund. Therefore, the figures that you now have in the budget distribution table of £11.9 million and £9.2 million show the most up-to-date information. The contingency fund will be moved and used throughout 2013-14. The Minister allocated funding for 2013-14 and 2014-15, so what you have now is simply the most up-to-date information.

The Chairperson: That explains that, and we can interpret the rest of the figures accordingly so that we are clear and this can be followed.

When we go back to the whole process of making savings delivery plans, as it has in the past, the Department gave the Committee a document that states what we are going to try to achieve. For example, for home-to-school transport, over the period it was going to be £20 million. It was £5 million in each of the consecutive years of 2011, 2012, 2013 and 2014. We can go down each item on the list, from ICT and so on, right down to the bottom. From my simple way of looking at this table, all I want to know is: what did we save in home-to-school transport in 2011-12? In 2012-13, what did we save? In 2013-14, what did we save? I cannot see that, and we are getting comments such as "we do not have that information".

I will take the Southern Education and Library Board's (SELB) annual report and accounts of 2011-12. I assume that each board does it the same way, so the report discusses how it can:

"deliver annual management and administrative savings"

It set out the amount that was:

"likely to be achieved but with some delay."

The report then stated:

"Given the delay in the commencement of the voluntary severance exercise ... the business case proposes did not yield significant savings in 2011-12. All but one of these business cases have now been approved by DE. These are expected to yield approximately £1M savings within the part year 2012-13 against the ... shortfall of £887k."

So, you can see that the board is setting out what it has tried to achieve in the savings delivery plans. How do we read that across all those headings to monitor what we have achieved and saved?

Mr McGrath: I think that annex B of the paper that we have given you identifies the level of achievement of savings that were made in 2011-12. It specifically identifies that home-to-school transport savings of £4.1 million were substantially achieved.

The Chairperson: So, if we are thinking about the shortfall between the £5 million and the £4 million, why was it £4.1 million as opposed to the forecasted £5 million? What will the knock-on effect of that be for the next three years that are planned under the savings delivery plan?

Mr McGrath: I will say something on that, and my colleagues can perhaps then intervene. Large elements of the savings plan are challenging. The Minister faced significant sums, and, as far as possible, he wanted to keep it away from front line services. Clearly, transport was an area where we picked a figure. We also picked that as a flat figure: it was £5 million recurring and not increasing over the period, unlike most of the elements in the SDP. Clearly, the home-to-school transport has two elements: the arrangements with Translink; and the arrangements that the boards organise. It

posed a significant challenge to the boards without having an awful lot of lead time to take out £5 million funding.

There was also the element that had to be squeezed out of the arrangement with Translink, which involved a third party. That again posed a challenge. So, from a standing start, we took the view that £4.1 million out of £5 million was quite significant, given that the initial feedback from boards in particular was that the £5 million target was substantially unachievable. Therefore, in an area that had not been tested to date, we regard that as a good performance. Trevor can talk about the fact that there is a gap and about the way that that has been dealt with.

Mr Connolly: The other key element is that transport costs have gone up, and we have all suffered that. So, we have been putting pressure on the boards and Translink to reduce costs, and they are coming back and saying that petrol and diesel costs are going up by an average of 5% to 10% per annum or whatever it is. Therefore, in that context, to achieve the £4.1 million out of the £5 million is a good performance. The 2011-12 year is obviously completely finished, and we have literally just finished the 2012-13 year. In each of those, we have gone back to the boards and told them that they did not achieve that amount of money, and we asked them what plans they have to achieve that. As John said, that is listed consistently in the same way in the level of achievement for all the items on the page. That is our principle. Those are requirements. There is a gap, and we have gone back — we have done it throughout the whole of 2012-13 — and asked whether they will have plans to action that. That does not mean that everything is achieved. In that context, however, you are looking at transport and trying to balance taking £5 million out when there are clear, legitimate external pressures. So, a balance has to be struck.

The Chairperson: I appreciate that, Trevor. Where transport is concerned, there is the perennial issue of the seasonal ticket to consider. Clearly, it did not yield any benefit, because, as your briefing paper states:

"Savings made as result of maintaining contract price for seasonal tickets with Translink at 2010-11 prices."

What further work are we doing with the Department for Regional Development (DRD) to look at a different way of delivering the same service? We are talking about a substantial amount of money for the whole ticket process. Basically, we are subsidising a huge percentage of Translink's operation.

Mr McGrath: We have been engaged in discussions with DRD in parallel with Translink in recent years. We have been making the point that the current arrangements do not have the transparency to show how Translink's costs or make-up would give us full reassurance that the amounts of money that are going to Translink are necessarily full value for money. We are concerned that we need a better system, and those concerns have been shared with Translink and DRD. The system has rolled on for some years, and we will be trying to take that forward in a more explicit manner that will allow the Department to be content that whatever Education moneys are going, they will represent value for money.

We have done that in a very collective way with Translink and DRD, because they have the same issues with transparency. Translink's finances have been the subject of debate in the relevant Committee. We have told DRD and Translink that there are savings requirements and that they have to contribute in part to that. They are not immune from that.

So, it is an agenda that we want to take forward and get more rigour into. It is difficult, because, as Trevor said, transport costs are going up. We all know that at an individual level. However, we have a responsibility to be able to come to the Committee and demonstrate that we are getting value for money for the significant sums. I do not know whether we are subsidising elements of public transport, and I do not know whether elements of public transport are subsidising the Education transport. However, the very fact that we do not know that is not an acceptable position for either Department.

The Chairperson: Exactly, and that is the point that I am trying to get to. There still remains an issue around the whole transport provision. We have had the performance and efficiency delivery unit (PEDU) material on transport. I think that, previously, on the whole Translink issue, the Department told us that savings had been made on the contracts. I remember discussions in the past in which we were told that savings had been made on the contracts. Now, we clearly see that there was not a saving in maintaining the contract price. Was that all offset by the cost of the three-for-two and the

way in which that whole process has been handled? I think that, from what you are saying, John, the Department is clearly indicating to us that it does not know what the situation is. I think that we need to find out who, among Translink, DRD and the Department of Education, is paying for what and who is getting the best deal. I have always had an issue with the tickets. It is a simple issue: the ticket does not relate to the journeys that the pupil travels. My daughter had a bus pass that I paid for, but it might not have been used four times a week. In this modern day, you are bound to have some way of being able to pay for your journeys as opposed to it costing you whatever it was at the time for us — I cannot remember what it was.

Mr McGrath: We share that point. There needs to be better ways. Alternatively, Translink may argue that, in some cases, if you put up the infrastructure to deliver kids, the fact that, on some days, a percentage of them are not on a bus does not mean that you do not need the bus and the driver. It is empty seats. I am not saying that that is —

The Chairperson: Yes. That could become an issue for taking a service off.

Mr McGrath: I am not arguing for Translink; I am just saying that it would say that it is still stuck with the same costs. If we move to a different system, the unit cost might go higher. However, it still might get you to the point at which you have better information to stand over what you are spending. The issue is a difficult one, however.

The Chairperson: Is more work being done on it?

Mr McGrath: There is continuing work, and there is engagement. The Southern Board is the board that is taking the lead in discussions with Translink. We also have the three-for-two, which is an add-on. We are looking at whether it would be relevant to have that as a separate payment. It is some time since that initiative was introduced, and we are looking at moving to a single payment to Translink to cover it all. We are on record as having written to DRD to say that the lack of full transparency and information about how costs are built up is not fully acceptable to us as a Department. I do not think that it has taken any issue with that concern. The issue is about where we go to. These are sizeable sums; it is north of £30 million per annum.

The Chairperson: Will the three-for-two cost us an additional £0.3 million over the next two years?

Mr McGrath: Yes.

The Chairperson: One of the other issues around all this, which is a worry, is that a large percentage of the savings appear to relate to people who have left the system. One of the issues concerns departmental administration. The paper states:

"As ESA was not established, this funding was not required."

How can we be absolutely sure that the savings that we have achieved as a result of the process do not end up being lost when ESA comes into existence, because we would have the re-employment of people under ESA? That is, if it were to come into existence soon.

Mr McGrath: We have slimmed down management and administration, as you are fully aware. We have a bit to go with that. When ESA comes into being, over time it will be expected to go further, not to come back up, if that is the point that you are making.

The Chairperson: Yes.

Mr McGrath: The manpower level over time will be expected to reduce further as a result of taking the opportunity over time to centralise a number of services and functions in ESA. Over time, we expect the numbers to go down further. We do not want to take people out. We do not want any suggestion that we paid people to go and that either those people come back or we replace them. It is a ceiling at the moment, not a floor.

The Chairperson: The whole issue of capital was one of the areas where, in the previous presentation, it was clear that there was a variation in the spend profile or the capital out-turn.

Obviously, capital is an ongoing issue that also brings about particular challenges. Where do you think we are with the capital element of all the Department's financial arrangements?

Mr McGrath: As I said last week, our out-turn figures in capital in the past three years have been between 99% and 100%, which, when you are talking about £100 million or more, literally represents dancing on the head of a pin. Given that one does not want any significant underspend, and that, even more, one does not want any overspend to any degree, it requires very careful management. That is work that Diarmuid McClean leads on. We think that our performance in managing the capital budget is actually very good, given that capital is prone to slippages and delays in planning permission and that, therefore, there is an awful lot of rejigging in-year to get to 99%. Trevor may want to comment on that.

Mr Connolly: You heard the weather being talked about. If you were going to do minor works during the last two weeks of March and the snow arrived, you could not access the site. It is a simple issue, but there is a physical element that is outside the realms of this. We are saying that you have not got £500,000 spent; it is open to the vagaries of external factors. However, as John said, last year our provisional out-turn was less than 1%, and this year we will certainly strive for it to be exactly the same. I suppose my answer is that full spend on capital would be our target, and we are consistently achieving less than 1%.

Mr Kinahan: I will start with very minor matter. Under Access NI costs, the paper states that:

"DE no longer funds pre-employment vetting checks for staff taking up paid posts in schools."

Who is doing the vetting now?

Mr McGrath: That is the funding. In a sense, it is left for the individuals who are involved to pick up the cost rather than the state paying.

Mr Kinahan: On a much more serious note, last week we discussed the NIAO report on efficiency programmes. You mentioned at the beginning of this session that you did not do things that way — or you used words to that effect.

Mr McGrath: What we are really saying is that the efficiency delivery programme was to meet the Executive's specific requirement to deliver 3% per annum based on efficiencies. This time around, the savings delivery plan is to live within a reduced budget. It is about reductions. There is no pretence that the SDP is about efficiencies.

Mr Kinahan: I rather felt last week that, in a way, a Committee's job is to scrutinise. In fact, we are doing that now. You have the NIAO saying that the Department is not good at efficiencies. It is also saying that none of the other Departments are good at efficiencies, and that there were no outcomes to measure it by. Are there ongoing discussions on how you are doing things with the NIAO so that we can all understand it? I understand that there are reductions, but I know of one school that lost two pupils. Indeed, I wrote to the Minister about it. As a result of what happened with those two pupils over two years, that school has had to lay off a teacher, but it will then have to take the teacher back on again. The efficiency seems crazy, and that must be happening in all sorts of schools in different ways and different forms. Are there ongoing meetings to help us all to learn how we do efficiency?

Mr McGrath: I will start with the efficiency delivery programme. We noted the report itself and the briefing that the Committee received last week. It made the point that the definitions of efficiency were not available when the programme started; they came along afterwards. Such failings as were ever in the Department were not restricted to DE but seemed to be across the piece. There were some good examples, but a lot of issues. One of the main problems at that time was that, although there was a 3% target, the money was taken back to the centre and redistributed. The net effect was that DE and other Departments had their budgets increased, but they were not as rigorous about saying that, with a 2% net budget increase, you wanted 3% efficiencies and a 5% increase in performance.

In respect of the spirit that the NIO wanted from the savings delivery plan this time, it was decided by the Minister centrally and moved from the top down. It was not left for the systems to come back with propositions as had happened the first time around, particularly in other Departments. The Minister took account of the likely impact by saying that the Department should start as far away from classrooms, play groups or the Youth Service as possible and only get to them when it ran out of

options. He deliberately did that and tempered it. He protected a number of key, vulnerable areas, so there was that sensitivity at a strategic level. We have looked at the impact and are very conscious of what that would be in a number of areas at the top.

Allocations are made to schools through the aggregated schools budget (ASB) and they are free to do what they want with their budgets. That makes it very difficult to get into the sorts of issues that you have talked about. At the end of the day, we do not manage individual school budgets or take the decisions. As to how we factor efficiency into that, the main outcome that we want to see from the money is better outcomes for children. It is difficult to manage. We have 1,100-plus cost centres that make their own decisions. On the issue of surpluses and deficits, schools that run up surpluses to a reasonable extent are probably evidencing prudent housekeeping. It is very difficult to go beyond that.

In the future, under ESA, we will be looking to get a better handle on operational efficiencies in the areas that we talked about, like transport. We will look at making good practice common practice and see what lessons can be learned from other systems. We talked about transport and we do not allow boards a lot of handle on how they do fleet management and what lessons they might learn from Translink or others about how to run a fleet and get that operational efficiency. Those will be issues that we will want to pick up in the future. Katrina might want to say something about that.

Mrs Katrina Godfrey (Department of Education): The Committee will recall that that was very much a central focus of the PEDU reports. As the Chair said, one of the challenges of any budget in education is that reducing costs inevitably involves staff costs.

We are keenest to look at the operational efficiencies that John described and how we can get that balance between efficiency and quality of service. Those factors have been really critical in our discussions about transport and school meals. It is very easy to do things on the cheap, but that has implications that none of us is prepared to live with, whether that means compromises in safety, food quality or knowing where your food comes from. That presents challenges. However, it means that you have to be clever at looking at where it is sensible and acceptable to reduce costs, what the best way of doing that is, and understanding the interplay between efficiencies and costs when, as Trevor outlined, some of the variables are going up and are outside any of our controls.

Those are the sorts of things that we have to keep looking at smartly, based on and learning from the experiences of others. That has been one of the weaknesses in the system. As you know, Danny, you get pockets of very good practice in individual education and library boards, but they are not replicated across the system. That is really where we have seen the great benefit of the PEDU reports. In designing its regional services, the ESA implementation team and the folk from the boards who have been working with them are guided by those reports. They will make sure that the single regional service captures the best practice that, in almost all cases, exists in one pocket or board area, but just needs to be picked up and rolled out.

Mr Connolly: Deputy Chair, we should not underestimate the importance of the definition. I was in the Department for Employment and Learning (DEL) when it happened, and I genuinely think that no Department went into this thinking that it was not achieving genuine efficiencies. When you sit with the Audit Office and it is looking at it in a post hoc position and you are justifying this, having the definitions on page 10 before you started the process would have made it a lot easier. People will argue that they are genuinely making an efficiency, and you then look at what the definitions are and can see, based on the definition, that they will not count it. Unfortunately, that was not available when we started the process away back in 2007 and 2008. That is very well defined now and, for instance, charging additional costs — that relates to an end user, etc — and all the links to service delivery and quality of service makes the whole process an awful lot easier. It is easy to say that an efficiency is doing the same with less, but the difficulty is that, when you project to individual models of individual Departments and go through the whole process over three years and say that you have achieved it, somebody may come along and, quite properly, forensically say, "Justify that." They are looking at it through this prism. That prism was not available when we started the process, and it is a very useful addition to understanding what is required.

Mr Kinahan: That is partly why I raised it. I am Chair of the Audit Committee, and I was hoping that, at our next meeting, I can raise how that is done so that we understand it better and that it is working for everybody.

Mr McGrath: One can be penny wise and pound foolish. I worked previously in health, and 10 or 15 years ago, the efficiency measure in hospital was deaths and discharges per bed. If you wanted to be

more efficient, you churned more people through. The failing in that is that it took no account of whether people recovered or passed away, so you have to temper it. That said nothing about the quality of service. We want to make sure that we are running an efficient schools system but that outcomes are protected. There has been a failing in the education system in the past not to have sufficient focus on that operational efficiency that Katrina talked about, and we expect ESA to focus on and put some expertise into that area. As a Department, we will want to have a continuing look at specific areas and test that we are delivering efficiencies.

The Chairperson: There is almost a conflict between what is going on in the Audit Office, the Department of Finance and Personnel (DFP) and the Department. For clarity, did the Department agree or disagree with the Audit Office report? Did it have an input into the Audit Office report?

Mr McGrath: Yes.

The Chairperson: Did it agree with its findings or is it still agreeing or disagreeing with DFP? We know that there has been a war over the savings delivery plans, and the Department spat the dummy out of the pram and is not playing ball for some reason. Are the savings delivery plans to be delivered through efficiencies or are they one-off cuts? Are they delays in the expenditure or are they just spurious claims of savings based on questionable departmental projections?

Mr McGrath: In our view, the main focus should now be the savings delivery plan, because that is the current budget and this is where we are.

The Chairperson: We will have an Audit Office report, John, on this process.

Mr McGrath: If it wants to have a look —

The Chairperson: It will. That is the nature of the Audit Office.

Mr McGrath: That is OK. At your briefing last week, the Audit Office representative made it clear that he recognised that the savings delivery plans were not necessarily about efficiency. We have been very clear, which was perhaps not the case across the board the last time round, that the savings delivery plan is not pretending to be about efficiencies. Some elements are about efficiencies, and some elements are about Access NI, where you are transferring a cost to another party. In some areas, you are simply making reductions. The Minister has never pretended otherwise. We are very happy for anyone to come and scrutinise whether we delivered what we said we would, but, as Trevor will say, the main driver for the savings delivery plan for each Minister is to live within your means.

The Chairperson: On your point that it is the Minister's intention to, as much as possible, keep all this away from the classroom, it is very difficult to do that, given that this affects professional support services in schools, and that £27 million has been taken out of the aggregated schools budget, which directly affects schools. It is also very difficult to do that, given the impact of the cost of superannuation, the reduction in sickness, and so on. Those have an impact on schools. How has the Department measured the impact of the implementation of the savings delivery plan on front line services?

Mr McGrath: First, I reiterate our previous point: we produced and consulted on the savings delivery plan, but we have yet to receive any suggestions from anybody for alternative areas where savings could be made. Everybody likes to criticise the Department for making cuts in certain areas, but no one is volunteering any alternative ones. It is a bit like —

The Chairperson: That is not the question I asked.

Mr McGrath: But what I am saying is that the Minister started this on the basis of doing as little damage to front line services as possible, and a number of those areas are nothing to do with front line services. Scaling back the education budget will impact on the school budget eventually. If there is an easier way to mitigate the effect of that, we have not found it yet. The numbers do not change.

The Chairperson: I know that, but just because we have not seen the funerals, it does not mean that people have not died. You are trying to say that because nobody has come back and said, "You should be doing this differently" —

Mr McGrath: No, Chair. What I am saying is that we identified and consulted on the areas to be cut, and no one seems to have found any alternative areas.

The Chairperson: Nobody has come back on that process.

Mr McGrath: We and the Minister think that this is probably the best fit to manage a significant challenge. We recognise that you cannot take that amount out. You know, because we discussed this previously, the amount of noise that was created, and rightly so, and the concern at school level when the original figures went out. That has clearly posed challenges. We have had letters, and so have you. It clearly caused pain in a number of schools, particularly a number of post-primary schools that were faced with the challenge of the entitlement framework. We recognise that. Equally, we have seen funding of the cost-reduction programme to allow schools to reduce their cost base. The sense we get is that a number of schools have managed this, although it may not have been ideal, and a number are still exercising prudent management because the level of surpluses is not going down.

Mr Connolly: In respect of the numbers, the ASB is 61% of the education budget. As John said, you will eventually get to the point where everything else has been cut. I refer to paragraph 4 of the note on the SDP. The Minister recognised the impact of the savings delivery plan on the ASB. That is why, in November 2011, he put £40 million into the ASB, as well as the £120 million agreed by the Executive. That £160 million went straight to the ASB. That is why the impact on the ASB has significantly reduced over that period. To be fair, I think that the Minister fully recognises the impact on front line services. That is why he has done everything he can to put additional funding into the ASB. It was even announced that an additional £10 million will go in in 2013-14. So he fully recognises the impact.

Mr Rogers: Following on from what the Chair said, one of the assertions — or whatever word you want to use — in the NIAO report was that you are quite good at measuring inputs but are not good at measuring educational outputs. My point — the Chair made the same point — is this: how do you measure the impact on front line services, specifically the quality of teaching and learning in the classroom, if you — not you personally — cut £15 million from the professional support budget for schools, with the result that the Curriculum Advisory and Support Service (CASS) will be decimated? That is my key point.

Mr McGrath: In the past, the education system did not focus as much on outcomes as it should have, and I include the Department in that. We counted the amount of money going into things, but we did not measure whether it was making a difference. Over recent years, with the development of Every School a Good School and the Minister's focus on putting pupils first, it is all about outcomes, and there is less focus on inputs. Frequently, putting more money into something does not solve an issue; it can actually exacerbate it. That is quite clear. We have continuing evidence from the chief inspector's report that there are major issues. Although we have some great examples of good practice and superb teaching and leadership, we have significant problems in respect of leadership and the quality of teaching.

On the professional support savings in the savings delivery plan, that was not an arbitrary figure. It was arrived at after a fair amount of due diligence covering the totality of professional support, issues around the Council for the Curriculum, Examinations and Assessment (CCEA) and the view that we needed a different service in the future that is more modelled on a consultancy service helping schools to help themselves, rather than the table d'hôte approach that CASS had. Therefore, it is not just a cut; it is a re-engineering of that service and the whole leadership approach to fit into the philosophy of Every School a Good School. Katrina may want to add to that because she was heavily involved in it.

Mrs Godfrey: It was part of the PEDU stage 1 report, and one of the interesting things was when the PEDU team started its first phase of work, it looked for a correlation on a board-by-board basis between the expenditure on CASS and the quality of teaching and learning as measured by inspection or by outcomes, but it could not find any. At the same time, schools were telling us increasingly that they valued more being able to lead their own development. Schools will increasingly tell us that they would like to see more of that funding for professional development delegated to themselves because they feel, in many cases, that they are best placed to decide how to use it.

The other thing that Sean will be aware of is that some of our most outstanding practitioners are in schools teaching at the moment. The real trick for future professional development is how we become more effective at harnessing them and using them to develop their peers, rather than the standard

menu of courses that was perhaps a feature of the past. Those issues were all very much to the forefront of our minds. There is a need for a central professional support service, but everybody, including the folk who have worked in those services themselves, tells us that it needs to look different in the future than it used to look in the past. It has to be much more responsive to particular situations and much more about building capacity in schools to lead their own development, rather than doing things to schools.

As I said at the start, when we started to measure the correlation between large numbers of people doing things to schools and outcomes, there was not any, but, as the much smaller CASS services in all boards have become much more focused, we are starting to see more of a correlation between that smaller number of staff focusing more on school improvement and outcomes. It is early days, but it suggests to us, as would wider research looking at this in a wider phase, that a small number of people with a different focus on helping schools to help themselves is a better use of resources, and it minimises the amount that you take away from the school budget to put into a central professional support budget. There is evidence, logic and a rationale behind it.

Mr Rogers: I do not disagree, but we do not want to get back to the stage where people come into school and are handed a disc, etc. If you want to develop leadership in a school, you need a truly professional person coming in to work with the team to disseminate some of that good practice. We have great examples of good practice with Achieving Belfast and Achieving Derry, but I feel frustrated as I am a long way from Derry or Belfast and that sort of good practice cannot be disseminated out across the rural areas as well. That takes money.

Mrs Godfrey: One of the particular areas of focus for the regional professional support service will be on leadership because we know that, after teaching and learning in the classroom, leadership is the other big thing that influences outcomes. There will also be a focus on harnessing and sharing best practice. Teachers themselves, you will know, want their development to be led by practitioners whom they see as credible, and credible right now, not necessarily 20 or 30 years ago. It is about how we get the service that has the current practitioners' understanding of good practice embedded in it so that it is not a theoretical model but a practice-driven model.

Mr Hazzard: Thanks for your information so far. I want to go back to a question that the Chair asked, which I am not so sure was answered, around the idea of measuring the impact on front line services — how we do that or how we improve that. I am sure that we are all aware of anecdotal evidence. I was alarmed when I called into a school recently and made the mistake of saying, "Oh, there must have been a delivery of paper." I found out that the teachers had actually gone out and bought it themselves because there was not enough money to do the photocopying for exam resources. The teachers were regularly using their money or bringing resources from home to meet the demand. That is clearly wrong. There are a lot of workplaces where an eye is kept on the workforce to make sure that they are not bringing stuff home. Maybe teaching is the only workforce bringing stuff to work to use. That is alarming. That is where we see the evidence and where we should measure. Is the Department aware of practices like that taking place and that on the ground is where it is hurting and where we see it? Is the Department able to measure it at that level? Is there anything that we can do to support the teachers in schools? I saw a report recently that teachers are working up to 11 hours of their own time in the evenings. It is really about lifting that burden. I am sure that the burden increases when you have to bring in resources from home that are your family's or your own.

Mr McGrath: Obviously, Chris, we cannot have a finger on what happens in 1,100-plus schools. We do get representations, but less so now. When the first savings plan rolled out, and we had to write to people, giving figures for the next three years, we were hit with a tsunami of correspondence asking how that could be done and giving specific examples. That has petered out now.

We can and boards can find examples through monitoring, where, in similar schools, one is managing and one is not. We are bearing down on boards now to bear down on those schools that are running up deficits and such issues. They will be offering the view that some schools appear to be able to crack it and others do not. We need to find out more about management. At the end of the day, the vast majority of a school budget is staffing, and then expendables and stuff like that. Clearly, however, the judgement in some cases may well be that someone has not gripped the nettle and reduced their staffing, which would then enable them to cope more easily with the marginal cost of paper or whatever. We do not know enough about the detail of school management at the coalface. That is an issue. It is a pity Sean is not here now; he might have been able to help us on that. We maybe need to look more at that.

There is a challenge across the system. The first question is this: if somebody else in similar circumstances is managing — not just managing the budget but producing the outcomes — why are you not? It is similar to the discussion that we have just had with Sean. You go and look at why your counterpart is doing well; they are not flush, but people are managing prudently. The real issue will always be the level of staffing. That is the big one. We do not know enough, but our sense is that most people are managing at the minute. It is always the case with budgets that the horror you could not face becomes the norm. You are then facing the next horror. None of us knows what will happen in budgetary terms over the next period. People begin to manage. You adapt to more straitened circumstances. It is interesting, and we have had that conversation. We had an accountability meeting with a board yesterday, and we are having one this afternoon. We test them on surpluses. The Minister is very keen that surpluses stay within acceptable limits and that people do not run up "super surpluses" as Trevor calls them.

We may find a school that has bad results, yet it has a surplus of £200,000. You have to ask why they are not spending that money on more teachers. We still get the sense that people are keeping the surplus for a rainy day, but, in some cases, the rainy day has not come yet. In some schools' judgement, this is not the rainy day. Therefore, it is hard to work out what that tells you. Lots of people are managing very prudently, and they are keeping their money. However, the dynamic behind each decision is very hard for us to get a handle on. We would be interested in finding out more about that, even if it is just going out to a sample of schools and asking them to tell us about their decision-making process. You may have as much feel for that as we have.

Mr Hazzard: Indeed, and that sort of approach is to be welcomed. Very often, it comes down to the real danger that it is the have-nots in society who suffer most. The response to the Staff and Educational Development Association (SEDA) paper was that, when PDFs were sent out to be printed at home, it was only those who had a printer who could do that. Schools very quickly saw that, and there was a response to that. That is the issue.

The Chairperson: I was just reminding myself that, if you look at the figures that we have seen in the past — something like an £11 million deficit and a £13 million or £14 million surplus — something is not just right with the way in which that system is being managed because it has allowed us to get into that position. I know that we are looking across a range of primary and post-primary schools. I accept the point, John, that some of them are thinking that there might be a rainy day and that they will need to provide for that. It might be the bus for a post-primary school or whatever.

Mr McGrath: We have no problem, Chair, with prudent financial management. The issue might be that, if you have umpteen thousand pounds in the bank, you have a clear plan to use it, rather than just stacking it up. At the end of the day — as the Minister has said — this is taxpayers' money that the Assembly voted for the provision of education. You cannot have people storing up big amounts of cash, just in case. That is not helping. Equally, a modest surplus is probably sensible, in the same way that you would run your own domestic housekeeping. It is finding where the correct balance sits.

Equally, I know of schools whose numbers are increasing and, in the narrow individual sense, they are having balmy times. I talked to a principal the other day who has had a modest surplus for the first time in their career.

The Chairperson: I have a final question about the letter that sets out some of the issues, and Trevor alluded to it. It states:

"An additional £10m in 2013-14 to help mitigate pressures on the ASB".

That follows on from the point that Chris and I both made. Something must have been identified and been clearly flagged up by the system to yourselves that there is a pressure on the ASB. Therefore, we end up with a decision being made to give it an additional £10 million. Does that mean that the overall objective of the savings delivery plan is minus the £10 million?

Mr Connolly: The £10 million has been deducted.

The Chairperson: So you just take £10 million off what was originally envisaged?

Mr Connolly: If you look at the letter that the Minister sent, it was £84 million in 2013-14, and it has now dropped to £74 million.

The Chairperson: OK. No doubt, we will return to the issue. Thank you very much.