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**COMMITTEE  
FOR EDUCATION**

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**OFFICIAL REPORT**  
**(Hansard)**

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**Additional Funding**

18 January 2012

# NORTHERN IRELAND ASSEMBLY

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## COMMITTEE FOR EDUCATION

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### Additional Funding

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18 January 2012

**Members present for all or part of the proceedings:**

Mr Mervyn Storey (Chairperson)  
Mr David McNarry (Deputy Chairperson)  
Ms Michaela Boyle  
Mr Jonathan Craig  
Mrs Jo-Anne Dobson  
Mr Phil Flanagan  
Mrs Brenda Hale  
Mr Trevor Lunn  
Mr Conall McDevitt  
Miss Michelle McIlveen  
Mr Daithí McKay

**Witnesses:**

Mr John O'Dowd      )      The Minister of Education  
Mr Trevor Connolly    )      Department of Education

**The Chairperson:**

In the final 10 minutes, we want some clarification on the £120 million that has become available for education. I am glad that Trevor Connolly, director of finance, has joined us.

Minister, there are a number of issues. Before I invite David to be the first member to speak because he has to leave soon, I have questions about a number of things that have gone on over the past few days. This morning, you made a statement about teacher redundancy packages, an issue that we have discussed here. When will the Committee be able to see the detail of that? In the original budget proposals, an allocation was made under the heading of redundancy. We understood that that differed from what was originally set aside for the establishment of the Education and Skills Authority (ESA) and the removal of staff from the current system. That was not an issue that related directly to staff. Clarification on that would be helpful.

I know that you cannot speak for the Finance Minister; nor, even as his party colleague, can I. I was concerned when he said yesterday in the House:

"I am obviously disappointed that DE has surrendered such a large amount of resource, and I have asked my officials to liaise with their colleagues in that Department on improving their forecasting next year."

I hope, Minister, that we do not have an issue with numeracy in the Department — I mean that as no reflection on the quality or ability of the director of finance.

**Mr O'Dowd (The Minister of Education):**

I will deal with the redundancy proposals first. Yesterday evening, the employers and unions had a meeting, at which I wanted the 90-week proposal to be presented. I was not sure how that proposal would be met or how long the discussions would take. If I had known that it would come to fruition so quickly, I would have made La'Verne Montgomery available to you this morning. She deals with pensions issues, and you would have been able to talk to her about the detail. As always, my officials are available to the Committee to come and discuss the issue in more detail. When we met yesterday evening, the offer was put to and accepted by the union side, which believes that it is a way to bring forward the number of redundancies that may be required over the next three years to meet our savings target.

It is an improved offer. It is a good offer, and I welcome the unions' acceptance of it. It is in recognition that we face a significant number of future redundancies into the future. The Executive's recent investment has saved hundreds of jobs, if not a thousand, or maybe more. Therefore, we are in a different place now. However, we also have an opportunity to re-profile the teaching workforce. A significant number of staff are in their late 50s. That, in itself, is, of course, not an offence. Some, however, are keen to leave the workforce but cannot access their

pensions without that having a negative impact. Therefore, we have put in place an opportunity for anyone who wishes to apply for the redundancy package to do so. It is, however, particularly favourable for those coming towards the end of their educational tenure to come forward, take a package and leave with dignity, respect and some recognition of their commitment to education. The package will allow for a smooth transition, with teachers leaving the system and younger teachers remaining in it.

**The Chairperson:**

Before I go to David, I have one point that I would like you to take on board. I declare an interest as a member of the board of governors of Ballymoney High School and Ballymoney Model Controlled Integrated Primary School. When it comes to redundancy, there has always been issues with flexibility and having to demonstrate clearly to the board that a teacher is leaving and that nothing is been done by any other means to try to fill that post. That has been a hindrance for the simple reason that, if a school needs to lose four teachers but can still cover the curriculum by having a part-time provision, it is excluded from allowing that person to go. Will you give an undertaking to look at the issue of flexibility because it would greatly enhance matters? Having come from a board of governors' meeting last night on this particular issue, I speak from experience. There are teachers who would go, but there has to be a degree of flexibility. I am quite happy to give you more detail on that.

**Mr O'Dowd:**

I would appreciate more detail on that. I am more than happy for the Department to inform the Committee in writing, ahead of any presentation, of the terms and conditions of the redundancy package. Obviously, the management side was involved.

I just want to touch on the £10 million that was handed back. The Finance Minister has raised that issue with me and asked me to discuss the matter with my officials to determine how we can bring greater clarity to it. I am more than happy to do that. Previously, the process was that we made a final decision in September. Schools told us that that was too short a time frame for them to make decisions. My finance officer and the Department of Finance and Personnel agreed to move that decision to the January monitoring round. That, in itself, has caused difficulties, but it was a fair request from the Finance Minister that we revisit the matter to see how we could

tighten up on it, and I am more than happy to take that request on board.

**Mr McNarry:**

Minister, first, congratulations on securing the £120 million. I think that that needs to be said. The Finance Minister did not detail how that package was put together. Can you clarify that? In other words, where did the money come from?

**Mr O'Dowd:**

In fairness to the Finance Minister, it is particularly difficult for the Department of Finance and Personnel (DFP) or, indeed, any Department, to say specifically where they will identify moneys in the next three years to give to any other Department. However, the key point is that we secured agreement from the Finance Minister, and from the First Minister and deputy First Minister, that, over the next three years, the Executive will make available to the Department of Education an additional £120 million. Chair, I note that the Finance Minister, in his response to you yesterday, referred to potential areas from which the money could come, such as the Barnett consequentials, in-year monitoring and savings made by the Department of Education. It is more difficult for the Finance Minister to say definitively that it will come from pot a, b or c. That is not how Finance Departments work. The Executive, through the Office of the First Minister and deputy First Minister (OFMDFM) and the Finance Minister, who must also be congratulated on the work that they conducted on this matter, have confirmed that £120 million will be made available to schools over the next three years.

**Mr McNarry:**

This is not the time to get into an argument with you, but the Finance Department's excuse is balderdash. If the Finance Department had that cavalier attitude to everything, we would not be able to put budgets together. Most of the budgets that have been put together have been pulled asunder. We are in austere times and there are problems, and I am trying to give you the support that you need. However, we are being told that there is an agreement to pluck the money from somewhere, but it is not known from where. I do not think that a businessman would run his business that way. I am not getting into an argument about that today because I have to go, and I know that you have to go as well.

Tranches have been identified. Clearly, there is a focus on the £30 million, £15 million and

£75 million over the next three years respectively. That shows us all that you have identified need over that three-year cycle. I will not criticise the forecasting; I can understand that. In a sense, it is a projection, but it is also a forecast. You are on the button with the £120 million. Will you detail — I do not think that you will be able to do this today, but it would be good to have it in writing — your spend annually over the next three years so that the Committee can support you should something happen to go wrong with the agreement? Can you tell us on what the £30 million, £15 million and the massive sum of £75 million will be spent on so that the Committee for Education can work its way through the three-year period with you? If your forecasts are right, we will go with you.

**Mr O'Dowd:**

I can tell you that off the top of my head. The £30 million, £15 million and £75 million were agreed on the basis that I spend the money in schools, so it must go directly into the aggregated schools budget (ASB). That is the only area in which I can spend it, and, indeed, it is the only area in which I want to spend it. The First Minister, deputy First Minister and Finance Minister recognised the need and the pressures that were bearing down on our schools. Through discussion, we agreed the package.

I accept, to a certain degree, your views that the Finance Minister or I should be able to give you the exact detail of where that money will come from. In fairness to the Finance Minister, however, he set out yesterday the broad areas from which the money will come. The Executive's Budget review group also continues its work and is tasked with identifying further substantial areas of revenue for the Executive. If you look back at the previous term of the Executive when I accept, the financial climate was better, significant amounts of money were always available in the monitoring rounds. We run more efficient Departments now than we did three or four years ago, so money is coming back through the monitoring rounds. However, the Finance Minister has said that he expects bids from the Departments to match what they will be able to spend. All of those things are collated —

**Mr McNarry:**

Minister, you can appreciate that, within the past couple of months, we have heard about school closures. I appreciate that you have not shied away from that. There is talk of between 1,000 and

3,000 teacher redundancies. You sound just like John McGrath this morning, attacking the over-55s —

**Mr O'Dowd:**

No, I am not —

**Mr McNarry:**

Oh, you are, because —

**Mr O'Dowd:**

I do not buy into that agenda at all.

**Mr McNarry:**

Well, you are really saying that the over-55s are dispensable. I will have a go at you about that another day.

We have all those factors of closures, redundancies, and so on. Then, all of a sudden, £120 million is produced. It is fantastic that it has been produced, but you must allow us to be a wee bit suspicious because we are not all that stupid.

**Mr O'Dowd:**

I do not suspect for one second that you are stupid at all. Look at how we have reached where we are and at my discussions with Executive colleagues. I set out a rationalisation programme for our schools around how we deliver education. That was based, as I said the time, on the need to have a sustainable schools estate for the future. I would have made that statement even had I had a more favourable budget. At a very early stage in the year, I also sent out all the relevant information to schools on where their budgets were. I have reviewed the profile of my own budget, and I am continuing to do so. In fairness to the Finance Minister, he recognised that the Department of Education had done all that it could at that stage. However, he still expects me, and rightly so, to continue with all that work. He wants to see the rationalisation of the education estate, and he wants to see a more effective and efficient delivery of education. When the ESA legislation crosses the line, he wants to ensure that ESA will deliver an effective and efficient

education system. He is not going to throw money around just to shore up services; he wants to be assured that we are running a good system. At this stage, I have shown that I am prepared to do that, and I will continually have to prove that I am prepared to do that.

**Mr McNarry:**

Minister, thank you, and thank you, Chairman, for giving me the opportunity. I am not bitching about this.

**The Chairperson:**

I would not want to hear you if you were. *[Laughter.]*

**Mr McNarry:**

I just want to make sure that it works and that the Committee can go with you on it, because it is worthwhile. That, basically, is where I am on it, but I will be watching it.

**Mr O'Dowd:**

OK. Fair enough.

**The Chairperson:**

Minister, it is 11.30 am, which was the time you said that —

**Mr O'Dowd:**

If there are other questions, I can stay for another five minutes.

**Mr McDevitt:**

Before Christmas, you wrote to the principals saying that they needed to look at a 5% cut. What impact will £120 million have on that 5%?

**Mr O'Dowd:**

It will reduce it by approximately 3%. My Department has forwarded updated information to schools. The letters that I sent out to the schools in November contained estimated figures. My Department was continuing to work on our own figures. As a result of the £120 million and the

ongoing work of my Department, we estimate now that the actual cut to education in the first year will be approximately minus 1% to the age-weighted pupil unit. The figures for the second and third year are more fluid because a number of factors come in to play. For the second year, you are looking at minus 2%, and for the last year — 2014-15 — you are looking at plus 1.5%. However, all those figures are open to change, particularly the later you go into the budget.

**Mr McDevitt:**

Just for clarity, does the funding for the enhanced redundancy agreement, which, hopefully, you have been able to reach with the unions, come out of the £120 million?

**Mr O'Dowd:**

No. As part of our savings plan, we set aside £167 million over the three years. It was £55 million in this financial year, £51 million in the next year and £61 million in the last year. We have £167 million set aside for voluntary severance. That covers all staff in the education framework. At this stage, I believe that I will be able to cover the voluntary redundancies at 90 weeks within the teaching. I will review it when it comes to an end in August this year. I will assess whether we need to continue with an enhanced package in future. By that stage, we will see what savings are being realised by the number of redundancies. I will have the moneys in play from the £120 million. We will judge as best as we can how many redundancies, if any, we need in the future.

**Mr Craig:**

I have a couple of questions. I want to reinforce what the Chair said about how you identify redundancies. The only legal mechanism that any board of governors has at present is to identify curriculum needs. That came about through agreements with unions going back to the year dot. Unfortunately, that normally identifies younger teachers in a school. Potentially, you could have several people who want to go voluntarily and who are, normally, well over 55, but you have no legal mechanism for allowing those individuals to go. Can you look at that issue? You would have to find an agreement with the unions on that, because no board of governors can act outside the law with regard to that, nor would they want to as it would only create bigger difficulties for yourself.

I welcome the additional money for the mechanism. A number of schools have been identified for closure. Potentially, some could be signed off within weeks. Will they get that enhanced package and does it cover forced redundancies as opposed to voluntary redundancies?

**Mr O'Dowd:**

We are continuing to work through the school closure programme with the unions, and we can provide the Committee with more detail about that. I am looking at a voluntary redundancy package. I am setting out a programme that I believe will bring forward a significant number of teachers and we will be able to cover that through voluntary redundancy packages.

The closure of schools is in a different category. I do not want to say off the top of my head what that may or may not be because that would only cause consternation in some circles. So I would rather the official who is responsible give you the information in writing or sit in front of you to give you the detailed information.

**Mr Lunn:**

Minister, you probably answered the question that I was going to ask, which was about the extra money being ring-fenced as long as you use it in the agreed manner, which you obviously will. There is still a bit of a mystery about where it is coming from. I suppose that that is not your concern so long as it is coming. Looking back at the Budget, however, assumptions were made that are, perhaps, not achievable. I am thinking of money being recoverable from housing associations, the Harbour Commissioners and plastic bags. There was a huge figure for asset sales, which is not progressing very well. That gives cause for concern, but as long as we are not concerned about that tranche of money, that is great. So there is no question; I am just glad that it is coming and you can obviously use it in the way it is meant to be used.

**Mr O'Dowd:**

We will use it in the way that was agreed. However, it is also worth emphasising that, although this has brought relief, we still have massive funding issues to deal with in education. We still have to find an additional approximately £180 million to remove from the system over the next number of years. That in itself brings consequences. However, you certainly cannot take away from the fact that the decision by the Executive to invest in education is most welcome.

However, that will not stop me going back to ask for more.

**The Chairperson:**

Minister, thank you very much. Trevor, thank you. I know that some of the work that Trevor has done on governor seminars has been appreciated, and I saw some of that work.

**Mr Trevor Connolly (Department of Education):**

The only point that I want to raise is that the budget distribution table and savings delivery plan in the documentation that we sent to the Committee Clerk shows that the £30 million, the £15 million and the £75 million are in the ASB and are netted off. The Committee has that information.

**The Chairperson:**

OK, thank you very much.