



Northern Ireland
Assembly

Committee for Education

OFFICIAL REPORT (Hansard)

October 2014 Monitoring Round:
Department of Education

30 September 2014

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Miss Michelle McIlveen (Chairperson)

Mr Chris Hazzard

Mr Trevor Lunn

Mr Stephen Moutray

Mr Robin Newton

Mrs Sandra Overend

Mr Seán Rogers

Witnesses:

Mr Trevor Connolly

Department of Education

Mr Philip Irwin

Department of Education

Mr Gavin Patrick

Department of Education

The Chairperson: I welcome Trevor Connolly, director of finance; Philip Irwin, director of investment and infrastructure; and Gavin Patrick, who is the deputy finance director. You are all very welcome to the Committee. I have to say at the outset that I am disappointed that papers were late, and I hope that, in future, that does not happen. We could have been minded to cancel the briefing, but we are where we are. I ask you to make an opening statement, and we will follow up with some questions.

Mr Trevor Connolly (Department of Education): Thank you, Chair. Apologies for the delay with the paper. On the front of the paper, you will see that we have emphasised that the Minister has not yet finalised whether we want to make any bids in October monitoring and that the details at this stage are for information. The paper is very short, and I do not intend to go through it in more detail. I am happy to take any questions that you and members have.

The Chairperson: Thank you. I know that we are getting a briefing on 22 October to discuss the capital spend, but, looking at the figures, I see that the £40 million planned expenditure in school new builds has been reduced to £23 million. Obviously, we would like an explanation about that. It does look like the capital programme is all over the place, and there does not really appear to be a clear strategy on that. Maybe you would like to give some more information around that.

Mr Philip Irwin (Department of Education): Yes, I am happy to do that. Maybe the starting point for that should be to explain the process that we operate. You made a comparison between the £40 million and the £23.7 million in the column — I assume that that is what you were talking about — but, in a sense, that is not the correct comparator. To try to explain that, I will talk you through the process that we operate in managing the budget through a financial year. The figures that are shown in the first column, the 2014-15 initial budget, are figures that are issued to the various parts of the system as indicative allocations in February/March time. The focus of the Department at that time, coming

towards the end of the financial year, is very much on landing the in-year. Those figures are effectively top-down slicing of the budget that we have been allocated for the following year to give the various different parts of the Department an indication of the scope of the budget that they are likely to have in the following year.

After we get through year end, we do it the other way around. We build a budget bottom up, and we ask each of the project managers to identify month by month the spend through the year. At that point, we allocate a specific budget to each of the different lines in that table. So the number that is the direct comparator, if you like, for the budget that was allocated across each of the projects at that time was £28.861 million on the major projects. In fact, the school enhancement programme (SEP) projects went the other way. When we built it bottom up and took the figures in from the project managers, the initial allocation was £12.2 million. As we go through the year, these things, by their nature, are moving all the time. For example, when we looked at the detail of the £12.2 million for the SEP projects, more than half of that spend was indicated to be in March 2015. If there had been a two-, three- or four-week slip between June of this year and next March, we would obviously lose that entire month. We would lose half of the £12 million. Hence, in looking at each individual project in a more detailed way, that £12 million has moved to the £8 million that you see in the table for the SEP.

The budget is a continually moving feast. As I have said, the way that it is managed is that we give people an indicative allocation prior to the financial year. We then do a bottom-up detailed allocation in the first quarter of the year, and we will then manage it as we go on a monthly basis thereafter. Typically, as and when things change and there are issues and slippages, that additional budget that is generated for whatever reason we will usually apply to the minor works, because we are able to specify and deliver those projects in-year. Therefore, we are able to achieve something with the money rather than simply losing the money.

The Chairperson: Certainly, minor works make a huge difference to some schools, whether that is new roofs, extensions to classrooms and so on. Is there any chance that this capital programme may have to be reallocated again before the end of the year?

Mr P Irwin: It is reallocated every month. For example, we agreed to a major project and signed off on the appointment of the contractor last week. That contractor will be on site in November. The winning bid was £300,000 below our pre-tender estimate. Therefore, next month, when that particular project is reviewed, the equivalent amount of money that is currently showing in that £23.722 million will come down, because the actual winning contract is lower than we anticipated it to be. We will reallocate that money to minor works and, at this time of year, we should be in a position that we will be able to identify minor works that we can deliver in-year. It becomes a lot more difficult when you get towards the last three months of the year. If the money becomes available, for whatever reason, finding a project, specifying it, procuring it and delivering it within three months is very difficult. However, that is continuing weekly and monthly —

The Chairperson: That would always be a concern — that the money would then go unspent.

Mr P Irwin: That is our job. That is the process that we have in place to manage that. As I said, the schools enhancement programme is particularly difficult this year. Some 50 different projects are all running in parallel, a lot of them on very similar time frames and a lot of them programmed to go on site in February and March. It only needs the slightest slip between now and then.

As I said, cumulatively, those projects have been programmed so that there will be a lot of spend in March. If we lose one month, there is the potential to lose that budget. The reason that we over-programme at this point in the year is to deal with matters such as that come February and March next year.

The Chairperson: There is a reduction in the money for Lisanelly. What is the explanation for that?

Mr P Irwin: Again, the first column gives an indicative top-down picture — most of them to the nearest £5 million — of what budget will be available. The right hand column is the bottom-up numbers that we received from the Lisanelly team. The £4.88 million is the bottom-up picture.

I do not think that that figure has changed in-year. I do not think that there has been a change to the Lisanelly figure between our receiving the first input from the project managers and the most recent figures in the October monitoring round.

The Chairperson: OK. I have very recently changed hats. As the former Chair of the CAL Committee, I am obviously interested in the technical issue whereby £1 million is transferring over for the UK City of Culture legacy project. What is that in relation to?

Mr Connolly: It is up to £1 million, and the details are being agreed between us and DCAL. I do not have any specific information. As you know, we can only transfer money between Departments through monitoring rounds. My policy colleagues are working with DCAL on that, and that is why we have said that it will be up to £1 million. We have not agreed precisely what the amount of money to transfer is.

The Chairperson: Will that be for education projects?

Mr Connolly: Absolutely, yes. It is our money and, under our vires, we can only transfer money out of the education budget that is compatible and consistent with the Minister's objectives.

The Chairperson: OK.

Mr Rogers: Thank you, gentlemen. You are very welcome. I want to clarify the school enhancement programme. There are 27 projects at the start of a procurement process, and I think that another 24 —

Mr P Irwin: There are 50 projects altogether.

Mr Rogers: Fifty-one altogether.

Mr P Irwin: Fifty.

Mr Rogers: Fifty, right. Will the other 23 that are waiting depend on the budget allocation next year?

Mr P Irwin: I should point out that none of them are waiting. We have told all the project managers to keep moving through the process as quickly as they can. At the point where we allocate or appoint contractors, we will have to stand back and think about the budget for next year and how much of that budget a project is likely to consume.

At this point in time, we do not have a budget for next year. We are working on the basis that, next year, the top-down allocation that I talked about — the £40 million — will be in the same or a similar region. So we are able to keep appointing and progressing SEP projects over the next number of months — the number that will come to fruition. As and when we get a lot of those on site, we may have to start thinking about what our position is likely to be next year and whether we should get into a position in which we potentially compromise minor works or other major works if we put too many school enhancement programme projects through. If we assume that our budget will be in a similar territory next year as it is this year, I do not think that there will be a significant constraint on those projects.

Mr Connolly: There is an element of chicken and egg in your question, Seán. One of the criteria that DFP uses when it looks at capital, because of its intrinsically demand-led nature, is the contractual commitments. Our difficulty is that we have a large number of relatively small contracts; even the major works are £25 million or £30 million in total over a period of years. A hospital, say, would be in the hundreds of millions, but we do not have that.

As Phillip said, we are progressing the SEPs. As and when the Executive agree our capital allocation, that will play into the mix. The way that I would look at it is that you have a volume constraint that will be agreed by the Executive, and then the mix will come through. I think that, next year, the SEP figure will be significantly higher than this year.

We are moving forward so that, as and when the Executive agree the capital budget, we can say, "Well, actually, here are the contractual commitments that we have." If you do not move forward, you do not have the contractual commitments, and if you do not have the contractual commitments, it is hard to argue for the same level of budget. I suppose the other thing is that, strategically, at a UK level, there is not the same level of pressure on the capital budget as there clearly is on the resource budget. We hope that, even if we do not necessarily get all the funding we require, we may have an opportunity to put bids in next year and in the future that could be successful on the construction side.

The Chairperson: When you make bids for major projects, an expectation is obviously raised in communities and schools. When they are not delivered, it creates a problem. What schools will not go forward as a result of the reorganisation of budgets?

Mr P Irwin: We have not slowed down any project because of budget constraints. The Minister has made it clear that the major projects that he has announced will take priority as far as the allocation of budgets is concerned. As Trevor said, when we have contractual commitments at a point in time when we know what our budget is, those projects will take priority.

In the same way, the minor works scheme has been the beneficiary of the increase in budget, I suppose because of the difficulty in getting the major projects up by that step change instantly. The minor works budget has effectively doubled this year. The other side of that coin will be that, as the budget maybe gets constrained in the future, the major works and the SEPs will get the first bite and the minor works budget is likely to be reduced. That is all dependent on the level of budget that we are offered.

Mr Connolly: Our capital budget for the last three years has been roughly £100 million. You can see that it nearly doubles. So there is a huge step change, and part of that difficulty is having projects in the pipeline that you can just switch on. Clearly, when you are doing major works, procurement, design etc, it just does not avail itself. Shovel-ready is a great concept, except for the fact that you have to have done all the work and have the contractors ready go, and then tell them that you have the funding. I think that that is part of it.

As Philip said, there is a phasing here. The elements of major works will increase. They have increased this year compared to last year and will probably increase significantly again, assuming that we get something similar in 2015-16. That is what we need. I suppose, to a certain extent, we need to build on this level to be able to justify that we need something similar to £180 million next year and, hence, to have the pipeline. Once you have that and that degree of certainty, when we get to a two- or three-year budget in 2016-17 we can say that we can deliver £180 million and the number of schools that that can build.

The Chairperson: I appreciate what you have both said, but obviously when announcements are made expectations are created. You currently have that money. I understand the process is incredibly long, and that is not always recognised. An issue around planning can knock a project askew, but that delivers its own issues further down the line when you do not have the money.

Mr P Irwin: That is a different issue. Everything we have been talking about here has been more about managing budget in-year. It is not budget constraints that have caused the delays in some of the major projects. We have another session with you in two or three weeks' time when we will probably talk about some of this in more detail.

I agree that the public do not necessarily understand, but I should point out that the Minister's 2013 announcement was to advance those projects in planning. It was not to get a digger on site the next day. As you rightly say, a lot of processes have to be gone through to actually deliver the project.

The protocol used to do the 2013 list in particular was deliberately set up to try and encourage rationalisation, amalgamations and so on. A lot of the projects that came out of that process were amalgamations or rationalisations of schools. The theory when the protocol was put together was that announcing it as a project that would advance to a new build would assist a difficult process. Any amalgamation or rationalisation process can be difficult. The idea was that this would assist, because there was the carrot of a new build at the end of the process.

As it has turned out, that has not really been the case. All the difficulties that they have had around different schools amalgamating or the estate being rationalised existed anyway, and we were not in a position to take a lot of those projects forward until the statutory area planning processes were sorted out. So for that particular announcement, a lot of those difficulties have kept us on the start line for a long time and the process is, therefore, more extended than maybe we would like, as well.

For the 2014 announcement in June, we changed the protocol in such a way that we simply did not consider or score any schools where area planning uncertainty existed. We hope and anticipate that the 2014 schools should be able to progress much more quickly than a lot of the 2013 ones, where that uncertainty in area planning still exists in a lot of cases.

Mr Lunn: Can you just put me over the asset disposal side of this? I take it that that means redundant schools.

Mr P Irwin: It depends on the school. Where a board-controlled school has been vacated, the board will take responsibility for disposing of the asset and the site and maximising the value of that site. Where it is a non-controlled school, the site belongs to the trustees.

Mr Lunn: I am thinking of the ones that the boards own. I guess that would be most of the ones that are out there and currently vacant. Maybe I am wrong. It is a slow process to build a new one, but it seems to be an awful slow process to sell an old one. How many schools are in that category, where they are lying vacant, they are owned by the boards and there is no particular movement on trying to maximise the value of them?

Mr P Irwin: I cannot give you a total number off the top of my head, but I can say that at the quarterly meetings we have with the boards, we review the sites where they are actively progressing a sale. The numbers are not significant. There are a lot of sites that a board would say it has great difficulty in selling.

Mr Lunn: Correct me if I am wrong, but it seems to be almost a last resort to just put a "For Sale" sign up. They seem to spend an awful lot of time hunting around looking for a potential buyer through other means.

Mr P Irwin: There is a clearly defined protocol in the public sector whereby, before the sites can be put up for sale, a process that is managed by LPS means that they are advertised around the entire public sector. The public sector gets first call on those sites before they are put on general sale.

Mr Lunn: You would think that in this time of austerity, cuts and trying to work with less than you had before, that system would be capable of review. I can think of a couple of schools in my area that became vacant at least five years ago or maybe longer. How long does this take? When does LPS, the Department or whoever owns them take a decision to put them up for sale and see what happens?

Mr Connolly: I suppose that the obvious thing —

Mr Lunn: I do not think that I have ever seen a "for sale" sign on a school.

Mr Connolly: — is that selling property in the environment of the last four or five years has been a challenging occupation.

Mr Lunn: So is maintaining them.

Mr Connolly: Absolutely, yes.

Mr Lunn: That is what I am coming to. You can make a commercial decision that it would be better to hold off for a couple of years before selling a building, because we are in a rising market that never seems to arrive. However, you also have to look at the maintenance side.

Mr P Irwin: There is no doubt about that, and there are also security issues and so on. Trevor makes a good point, and maybe we are starting to see the market turn a little bit, but there has not been much of a market for speculative purchases of sites over the last number of years.

Mr Connolly: One reason why the £500,000 is on my side is that, from a budget perspective, we treat receipts slightly differently from capital. I always want a round sum amount, which I do not know whether Philip will achieve, but, in the opening budget, we always want a figure lodged, which we can then decrease and increase rather than changing it. That is why it is such a round sum amount. It is not because we are sitting down and planning this. We are simply saying that, from a budget perspective, receipts are slightly different from ordinary capital.

Mr Lunn: I take it that, when you say a "round sum amount", you mean an estimate.

Mr Connolly: Yes, the £500,000 is just a —

Mr Lunn: That is fair enough, but, so far, we have not made a tremendously successful job of closing schools. I am not advocating that we go out and close a couple of hundred schools, but we all know that schools have been closed and amalgamated over the last number of years, and yet that seems like a mighty pessimistic —

Mr P Irwin: Again, I think that we will over-deliver on that estimate, but I take your point that a lot of schools remain —

Mr Connolly: Last year, it was roughly £3 million or £4 million because we gave up some additional receipts because we had overachieved. We started with the £500,000, but, from my perspective — the finance perspective — if those receipts achieve more than the figure in the budget, we give those back to the centre, effectively as a reduced requirement, which is the normal protocol. Last year, I think that we gave back £2 million or £3 million more above our baseline. There are sales, but I take your point. The maintenance and security costs are hitting the boards and the resource side, which is under tremendous pressure, so I fully recognise the point.

Mr Lunn: It is bad enough maintaining schools that are earmarked for closure, but it is even worse maintaining schools that have already closed. That is the point that I wanted to make.

Mrs Overend: Thank you for your information. Capital bills and so on have already been covered. As the Chair said, when announcements are made, there are expectations not only by the schools, which think that they are getting further down the line, but by those working in the construction industry. I have come from the Enterprise, Trade and Investment Committee, so that lobby would have come to me with obvious expectations that there will be work in Northern Ireland. Delays in such work also have consequences for their businesses. You may have answered this question, but I want to tease it out. What causes those delays, or what can be changed? Is it for the Department or other elements of joined-up government to progress those projects?

Mr P Irwin: As I said, the biggest issue with the 2013 list were the area-planning uncertainties. We tried to address that through the protocol that was used for 2014. We have also changed the way in which we are progressing those projects. For the 2013 projects, the Department was taking quite a hands-off approach with the schools or the boards — whichever managing authority brought them forward — whereas, with the 2014 projects, we are taking a more centralised approach. The economic appraisal (EA) process involves a site search process, which is compulsory from a DFP perspective for approval, and a technical feasibility process for the identified sites. That then feeds the preparation of the business case. We commissioned a site search for all the projects that were announced centrally with LPS rather than allowing the 14 schools to manage and run the process themselves. We will commission the technical feasibility work centrally for all but a couple on which work had been done in the past, and procurement will be issued in the next few weeks. We will divide that into two or three tranches and bring in professional teams to undertake the technical feasibility work within a set time frame. Centrally or in conjunction with the boards, depending on where resources are and who is best placed to deliver them, we will also take the lead on the preparation of the business cases. It is like anything: until we do it, we will not know whether it has improved things, but I would hope that the business cases for the 2014 list will be signed off much more quickly than the 2013 list. As I said, we acknowledge that there have been difficulties in progressing those.

As we move forward, and once the business cases have been signed off, there will be interaction with the schools and the project boards that will be set up to run the projects. We have started to take a much more hands-on approach to sitting on the boards and working with the schools as part of the delivery process. Traditionally, we stood back. The schools are the contracting authorities — in these cases, the boards or the trustees of the maintained schools — and we allowed them to run the process and were slightly remote from it. We are taking a much more hands-on approach to the delivery process. The 2013 protocol was not designed to be slow; it was designed in the way that it was for what were seen as good reasons at the time. What we are doing now is aimed at accelerating the whole delivery process. The proof of the pudding will be in the eating.

Mr Connolly: With our historical ability to spend, which is a tribute to Philip and Dermot, his predecessor, over the past three years, our underspend has been less than £1 million a year, which is less than 1%. I will go back to our point with Seán and Trevor: the mix is different, but in the volume of work in construction in each of the past three years, we have been spending our budget to over 99%.

Mrs Overend: The difference is that the minor works are done by different types of businesses.

Mr P Irwin: I briefed the Construction Employers Federation (CEF) last week, and while I agree that there is still some frustration from some of the bigger companies that are interested only in jobs that are £25 million-plus, a lot of the smaller companies said that they had noticed a difference in minor works jobs that they are involved in, and they were very positive.

Last autumn, we put a series of new processes in place for the delivery of minor works. We added additional resources to the boards, which are effectively acting as delivery agents in the non-controlled schools as well. That process seems to be working very well. As I said, the parts of the industry that were operating in that territory were complimentary about the step change in work and their ability to deliver it.

Mr Connolly: The school enhancement programme comprises 50 individual projects, all of which are just under £5 million but are in the middle ground between small minor works and huge projects. Those 50 projects are distributed across the country and will be actioned in the next 12 to 24 months. The bigger companies will be able to say that there is a sufficient critical mass for them to be interested in rather than the sub-£500,000, which is how we define minor works.

Mrs Overend: It would be good to get a balance. Thank you for that. I came to the Education Committee over the summer time, when teacher redundancies were the big story. The hoped-for number of redundancies was not achieved. Where are we now with the schools that did not achieve redundancies? Where do they fit into the funding?

Mr Connolly: There are two things. The number of teachers who were not made redundant was not due to lack of funding; it was that the schools' applications did not comply with the criteria.

Mrs Overend: Were the criteria not changed because there was a lack of funding?

Mr Connolly: Ultimately, we were overcommitted by roughly £4 million. The rationale was that we used those schools that were in financial difficulty at March 2014, and, logically, that moved to March 2015. The boards came back and said that that was fine because it was historical fact. However, there were also schools that were doing proper forward planning and said that they were in difficulties now and wanted to take action at August 2014 to prevent their being in a deficit at March 2015. That was the second iteration. From a decision-making perspective, it was not that we turned round and said, "Oh no, the funds are insufficient". The Minister had decided that, if you passed the criteria, you would be funded. That is why we had a marginal overcommitment and wrote to the Committee to say so.

Mrs Overend: Explain to me what that means? What does an overcommitment mean?

Mr Connolly: It means that we were putting funding out that we did not have at that time. We were saying that we were overcommitted in terms of the redundancies because there was clearly a timing issue in wanting teachers to be able to get away for 31 August, which is their normal time frame.

Mrs Overend: What about that overcommitment now? Where did that funding come from?

Mr Connolly: The funding has been taken out of the £29 million that the Minister had set aside for welfare reform.

Mrs Overend: The Minister has said that he is still considering whether he wishes to make any bids in October monitoring. Do we get sight of those when he makes that decision?

Mr Connolly: Yes, absolutely. The timeline is Thursday. Whatever decision the Minister makes, we will copy the Committee into it.

Mr Newton: I want to pursue Mr Lunn's theme concerning the £11 million for maintenance. Is there a breakdown of the schools that are active and ongoing, schools that perhaps have question marks over their long-term survival and schools that are already closed? What percentage of the budget is eaten up by each of those categories?

Mr P Irwin: I have a breakdown by board, but I do not have a breakdown by schools as you have categorised them. At the moment, given the constraints on maintenance spending, the boards are

prioritising health and safety issues in the operating schools and what is required for schools that have been vacated will be the minimum that they can get away with, if I can put it that way. I do not have it categorised in that way; I would need to go back and look at it, but I can forward it to you.

Mr Connolly: If you want to ask that question through the Chairperson, we can find the information.

Mr P Irwin: We can dig that out.

Mr Newton: That would be interesting.

I want to take you back to a previous answer, which was about the sale of an asset. I want to particularise this to Orangefield High School. As I understand it, the board will occupy part of the school. That leaves the surrounding buildings, which will very quickly become a blight on that community. If the board is able to occupy a part of the site, how long will it take for the remainder of the site to be disposed of, in whatever way that would take place?

Mr P Irwin: In the process, as I understand it — I cannot cite the actual timeline — there is a point at which a board describes an asset as surplus. I assume that, at this point, the board has not done that because it may be going to reuse it. I also understand that that site had potential for other projects in that area where rationalisations could take place. As part of area planning, there may be other ideas for how the site could be used.

Let us say that they get to a point at which this site or some part of it is declared surplus. That information is given to LPS, which touts it round the public sector. There is a fixed window in which public sector bodies have an opportunity to respond and express an interest. The reason why we get into some of the difficulties to which you referred earlier is that, at the point at which public bodies express an interest, they must then have the budget to transfer the asset. On many occasions, that depends on their budget situation, whatever project they have in mind for the site and how long it will take for the project to be funded and delivered. After that, the site seems to be sitting there for two years, with nothing happening. I cannot give any details about the Belfast Board's plans for that particular site, but I do not think that it has reached the point at which it has been officially declared as surplus.

Mr Newton: You said that it might be sitting there for two years. Can you give us an indication of how long it takes to get rid of a building that is surplus to requirements?

Mr P Irwin: I can speak better from a previous role, when I looked after the office estate in DFP. The LPS process in the public sector has a set time frame of months. I cannot remember the exact number of months, but let us say it allows three to six months for a public sector organisation to express a firm interest in a surplus building or site. If such an organisation does not express an interest in it, it can go on the market immediately. I know from my experience that various sites that went through that process two or three years ago sat on the market for two or three years. I can think of one case in particular: we thought that it was a prime development site in Belfast, but the public sector office estate had to go back in, refurbish the building and start to reuse it because the market simply was not there. The interest was not there to purchase it. It depends on the asset, where it is and what level of interest the market has in a particular site or asset.

Mr Newton: So it would not be uncommon for a building to lie dormant for two or three years.

Mr P Irwin: No, and a small rural primary school could lie dormant for a significant period. If there is no development potential, what do you do with it?

Mr Newton: Are you then required to maintain the building for whatever period that is?

Mr P Irwin: Not necessarily. If it is a board site, the board could put the case to us that it should demolish the school.

Mr Connolly: That reduces the costs and the security risk.

Mr P Irwin: That would be typical. However, when another public sector organisation has expressed an interest in that building, you get into the difficulty of asking, "When will that be sorted out and

agreed?" and "Are they going to buy it or not?" versus "We, as the education sector, would really like to demolish what is there".

Mr Lunn: The whole process seems ponderous. It is not entirely your fault; LPS is also involved. If another public body can express an interest in a property within six months, does that mean that the process is on hold for as long as it takes that body to make up its mind?

Mr P Irwin: No. Ultimately, we, as the seller or public sector vendor, can say, "At some point, you have to put up or walk away. You must confirm that you have the funding and transfer the asset or not". Inevitably, what happens is that budgets are not confirmed at a point in time. We are all sitting here with no visibility of what budget we will have, from a capital perspective, from April onwards. Maybe it is a community project led by another Department, and it may be very important to that Department. Unless we have a clear reason for selling the site to a different purchaser, it is difficult, from an overall public sector perspective —

Mr Connolly: There would be negotiation between the finance director of that Department, Philip and me. We would ask, "Are you going to do this, or is it on the long finger? What is happening?". I have certainly had experience of exchanges of correspondence between Ministers. It is sometimes subject to a bid being successful, which also prolongs the timetable. There will always be an element of interaction and negotiation.

Mr Lunn: It is not very commercial. Ordinarily, it would be fair enough, and you could work that way, if you could find somebody, privately or through backchannels, who wanted to take over an asset. The next stage would be to put it up for sale, the stage after that would be to put it up for auction, and then you find out what the market value is. Have you ever got to the stage of auctioning an old site?

Mr P Irwin: We definitely did at a point in time. I cannot speak from a school perspective; I am speaking from the experience of my previous role in DFP. When the property market was at an all-time low and it was clear that that was the only way that we were going to be able to unload a site, that avenue was used. However, I go back to my earlier example: we had a site that we deemed to be relatively high-quality and developable, and, ultimately, auction was not the preferred route. We take advice from the likes of LPS as to the best way to unload a site.

Mr Lunn: Unloading the responsibility is a good approach, you know.

Mr P Irwin: Yes.

Mr Lunn: Do you ever lease such sites to public or private bodies? Would you consider even a short-term lease that removed responsibility for upkeep, insurance and liability and put it on the lessee?

Mr P Irwin: I am not sure that a lease removes responsibility entirely. It will help —

Mr Lunn: It does if you put it in the lease.

Mr P Irwin: We applied the principle that we, as DFP, were not in the business of being private landlords. If we did not need a building, our preferred option was always to sell it and use the capital elsewhere if at all possible.

Mr Lunn: That is grand, but if I had a choice between holding on to something that was hard to sell or allowing someone to take a lease on it — a foolproof lease that made that person responsible for upkeep and, leading from that, liability — I know which choice I would make. I am not talking about a 50-year lease. The process seems to be a bit rigid and ponderous; it just takes too long.

The Chairperson: I think that we have strayed a wee bit from monitoring round issues, but we will obviously return to the schools estate and capital.

Mr Lunn: Even asset disposal.

The Chairperson: That is all very tenuous. I know that you are coming back to the Committee on 22 October, and we will return to that subject. Thank you for your attendance this afternoon, and we will see you again in the next number of weeks.