



Northern Ireland
Assembly

Committee for Employment and Learning

**OFFICIAL REPORT
(Hansard)**

Further Education

8 February 2012

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Mr Basil McCrea (Chairperson)
Mr Thomas Buchanan (Deputy Chairperson)
Mr Jim Allister
Mr Sammy Douglas
Mr Fra McCann
Mr Barry McElduff
Mr David McIlveen
Mr Pat Ramsey
Mr Alastair Ross

Witnesses:

Mr Andrew Cole	Department for Employment and Learning
Dr Mary McIvor	Department for Employment and Learning
Mr Tom Redmond	Department for Employment and Learning

The Chairperson: We had hoped to have this session two weeks ago. Unfortunately, time ran on, and we would not have had enough time to do the matter justice. I hope that members have had a chance to read the papers for today's session, because I found them comprehensive and useful. The key issue is the future of further education (FE), depending on what happens to the Department and Committee. Without any further ado, I invite Mary to make her presentation.

Dr Mary McIvor (Department for Employment and Learning): I am the director of the Department's further education division. Tom Redmond looks after further education estates, and Andy Cole looks after further education finance.

The background to this presentation is the Committee's interest in hearing about the different divisions in the Department for Employment and Learning (DEL) and how their budgets were allocated. I will show some slides and then take questions.

The strategic context for the money that we spend has three elements. First, the Programme for Government has a strong focus on the achievement of qualifications in further education and its outputs. Secondly, the Northern Ireland economic strategy is important, because further education is close to employment, and employers have a vital part to play in upskilling the workforce for that strategy. The third element is the Department's Success through Skills 2 strategy. Through that strategy, further education helps people to get a job, keep a job, get a better job, or create a job. That is the context for the Department's priorities and the money that is spent.

A number of years ago, the Department developed a strategy called FE Means Business, which is now complete. You will know that we now have six major regional colleges, each with a number of campuses and outreach centres. The emphasis of FE Means Business was on making sure that the curriculum delivered skills, employability and employment. The budget for the further education division is just over £220 million, which is split into three parts. Andy will speak about the resource allocation. The resource allocation in the FE baseline for 2011-12 is £182 million; the capital allocation is just over £35 million; and the administration and salaries allocation is £2.5 million. That amounts to £221 million.

The Chairperson: I see that some members are looking at the slides, but it is easier to follow the papers, and we are at paragraph 5.

Dr McIvor: Perhaps I should repeat those figures.

The Chairperson: It is all right. The figures are in paragraph 5.

Dr McIvor: If you are happy to move on, I will ask Andy to give you some detail about the way in which the resource grant is allocated.

Mr Andrew Cole (Department for Employment and Learning): I will be brief. Mary has articulated the strategic context, and I will put some meat on the bones by explaining how the resource allocation supports those priorities. As Mary said, there is £221 million in the baseline for 2011-12, with £182 million in resource, £35 million in capital and £2.5 million in administration. The salary and administration budget resources the division, which has a current staff of just below 60 full-time equivalent (FTE) posts. Tom will explain the capital resource of £35.7 million in more detail. I would like to focus on the £182.6 million resource baseline.

The briefing paper shows that the main bulk of the £182.6 million, almost 80%, is allocated directly to colleges through their recurrent block grant. That reflects an allocation in the current settlement for the academic year 2011-12 of £143 million, which directly resources the delivery of higher education (HE) and FE provision up to level 3 and for essential skills provision across the six FE colleges. That is, essentially, the front line delivery of FE and the skills agenda. We will examine more closely how that happens shortly. Members will note that there is £18 million in the baseline for unitary payments. Those are the contractually committed unitary charges for the nine replacement campuses that have been delivered to date across the sector.

I grouped a number of funds amounting to £16.5 million, which I describe as the student-facing resource. Although that resource is channelled through FE colleges and the boards, it is not funding that they receive per se. However, they administer it on the Department's behalf in respect of a range of student support measures, that is, direct support to students. Members will see some examples of that in the briefing paper, including the additional support fund for students with disabilities or special needs, hardship funding and further education awards.

The Chairperson: We are at paragraph 15 in the briefing paper, in which programme/earmarked funding is broken down into four areas with accompanying explanations of each.

Mr Cole: The remainder of the baseline funding is grouped under "other earmarked funds", which include bespoke projects in support of the wider strategic aims of the Department and the sector. Again, the paper provides more detail of what programmes are included in that amount. Some examples include the learner access and engagement pilot and the employer support programme, and there are contractual commitments to the Office of Qualifications and Examinations Regulation (Ofqual) and the Council for the Curriculum, Examinations and Assessment (CCEA), for example, for regulation and professional support to the sector.

I want to spend a couple of moments on the allocation of the block grant of £143 million. Contrary to the briefing paper, the slide provided shows a capacity amount in 2011-12 of £151.2 million. The block grant is the resource allocated directly in support of the Programme for Government (PFG). It seeks to widen access, increase participation in education, support economic development and raise skills. I will provide some context: the block grant will resource approximately 120,000 enrolments

across FE, HE and essential skills, and, of those enrolments, 80% will be part-time. It is, potentially, an extremely volatile sector.

The Chairperson: Will you talk us through the different figures? The recurrent block grant is given as £143 million, but later in the paper:

"The recurrent block grant ... 2011/12 of £143 million is a reduction of £5 million on the previous year."

However, you go on to state:

"Through budget negotiations and ... implementation ... with an agreed target delivery value of £151.2 million."

Mr Cole: There is, indeed, a gap there.

The Chairperson: There is.

Mr Cole: I will explain briefly how the process works. The college development planning process is like a business planning tool that we use, encompassing not only the curriculum plan but budgeting, financial, quality and self-improvement elements. Each March, colleges present to the Department a curriculum plan of the enrolments that they wish to deliver in the forthcoming academic year across priorities: Executive priorities, those of the local economy and those of their community. That is the curriculum mix that they present to the Department. We can resource that, and we negotiate with colleges what targets to set in the incoming academic year. For 2011-12, we had only £143 million available to allocate to colleges because of reductions in Budget 2010. However, through the college development plan (CDP), we negotiated with each individual college a totality of provision totalling £151.2 million. That includes efficiency savings and delivery, through Budget 2010, and a number of other adjustments in each individual college. We agreed a target level of £151 for delivery and resourced the amount of £143 million for that. Is that clear?

The Chairperson: As mud.

Mr Cole: Job done.

The Chairperson: What I take from that is that you gave the colleges only £143 million in cash, but you expect them to deliver £151 million in value.

Mr Cole: That is correct, and we agree with colleges the mix of that provision — how that £151 million is broken down across the curriculum areas, and the figures reflect PFG commitments. We agreed £8.6 million of provision at level 1 and below; £31.3 million at level 2 and £74.8 million at level 3. HE provision receives £26 million, which will resource around 10,000 enrolments. As you know, full-time enrolment is controlled by the maximum student number (MaSN). We have committed £10.5 million to essential skills, an area that has grown significantly in recent years, and that will resource approximately 25,500 enrolments. Each college negotiates those figures through the college development plan and assesses their performance against those targets throughout the academic year. The CDP is a rolling process. Colleges will come in this March and renegotiate delivery targets into the next academic year, and we will resource those accordingly at that time.

Integral to the CDP process is not only the setting of delivery targets but a focus on quality and performance. Part of that agenda is measured through the analysis of retention and achievement data at each individual college. A slide provides indicative figures on those measures for 2010-11. Retention averages 88% and achievement 78%. Those are quite positive outcomes for the resource committed to the FE sector.

The Chairperson: Except, of course, that three colleges are doing magnificently and one college has very poor figures but is expected to improve.

Mr Cole: Do you mean their financial performance?

The Chairperson: No. I am talking about the retention and achievement figures. The Belfast Metropolitan College (BMC) figures for retention are abysmal.

Mr Cole: Those have seen significant improvements in 2010-11.

The Chairperson: My point is that the figures might come back up, but I am not sure whether that is indicative of the cash spent. It is an averaging issue. The South Eastern Regional College, for example, will be at 98% retention.

Mr Cole: Achievement across all six colleges, including the college to which you refer, is 92% in full-time provision and 75% in part-time provision. It averages out across all six colleges at 78%. There has certainly been a greater focus on quality and outcomes. In 2010-11, there has been a significant improvement in those areas, and we hope that that will continue.

That was a quick run-through of the resource baseline, in particular, and how it is allocated in line with the PFG. Tom will provide further detail on the capital baseline of £35.7 million in the current academic year.

Mr Tom Redmond (Department for Employment and Learning): Before I talk about the budget for the current year, I will give the Committee a bit of the history since incorporation. At the time of incorporation, when the colleges came out from under the control of the education and library boards, it was widely accepted that the accommodation was of a very poor standard. Since incorporation, there has been significant capital investment of £340 million in replacement accommodation across the sector. People will have noticed new campuses in Omagh, Dungannon, Downpatrick, Lisburn and the Titanic Quarter in Belfast.

As the accommodation was so deficient and out of date at the time of incorporation, we submitted a bid, which was successful, for £91 million to implement improvements in health and safety and disabled access. In the past number of years, that money has been spent on those areas; £94 million was spent on conventional projects; and £155 million has been levered from the private sector for public-private partnership (PPP) projects, which delivered the new campuses that I listed.

The current baseline is £35 million, the majority of which is taken up by three projects. There are two PPP projects in the South Eastern Regional College, for which two £12 million payments have to be made this year. The bulk of the remainder of the money will be spent to fund BMC's e3 project at Springvale.

The Chairperson: Take us through that, Tom. We know what has been spent in the past. You have three £35 million projects. When you talk about PPPs or PFIs — what did you say the two £12 million payments were for?

Mr Redmond: They attract a number of names, one of which is public-private partnerships or PPPs.

The Chairperson: Is that a recurrent annualised figure?

Mr Redmond: The two £12 million payments that have to be made to the South Eastern Regional College are what are known as bullet payments. Bullet payments are capital payments that are paid into the project after it has been completed, and they have the effect of driving down the unitary charge. They are usually planned on the basis of the disposal proceeds expected from assets that might become surplus as a result of the new project. The amounts committed are decided on the basis of Land and Property Services valuations. A number of properties in Lisburn and Downpatrick were freed up as a result of the new properties being delivered. Knockmore Training Centre and the car park at Castle Street in Lisburn are two of the major surplus properties, and there is also some property in Newcastle.

The Chairperson: Have those properties been sold?

Mr Redmond: They have not been sold yet.

The Chairperson: So that is a notional figure.

Mr Redmond: Sorry, the £24 million was committed to those contracts in 2007-08 on the basis of expectations of money that might come in from the sale of those assets. We all know what has happened to the price of property in the past three years.

The Chairperson: That is why I am asking you about it.

Mr Redmond: Effectively, the proceeds that we expected to get from those properties have not materialised. Therefore, we have had to bid to the Department of Finance and Personnel (DFP) for money to make up the shortfall that resulted from the fall in property prices.

The Chairperson: That is useful, but the point that we are getting to is that no real capital spending is happening. This is a contractual —

Mr Redmond: That is not related. The capital spend to which that money relates has already taken place.

The Chairperson: I understand. My last question is also on the figures. What was the last figure on the balance of the —

Mr Redmond: It was £9 million for BMC's e3 project at Springvale. The completion date for that is around now; they are just tidying up the last bit.

The Chairperson: Is that a similar bullet payment?

Mr Redmond: No, it is a conventional bill. The contractors were on site this year and provided the work.

The Chairperson: Colleagues, the purpose of the briefing is to understand what FE is about, given the future discussion about the role of the Department, and so on, but some economic data has also been provided. You may want to talk about either or both. I am happy for folk to ask questions now.

Mr D McIlveen: I am a little bit confused about the issue, which the Chair raised, of the recurrent block grant and the £143 million. I am sorry to oversimplify this, but I will phrase my point in layman's terms. If I were to stop at a car dealership on the way home and wanted a £15,000 car but had only £10,000, one of two things would happen. The car dealer would either say that it could not be done or show me a car worth 10,000 that had a lot less than the one that I wanted at £15,000. Surely the same applies here: we get the service that we pay for. I am little concerned that, if something goes wrong in the colleges one, two or four years down the line, there will be a collective washing of hands in the Department. Officials will say that the colleges did not deliver and not because they did not have the money. If this is a purely budgetary issue, I would prefer the Department to come clean and say that it does not have the money that is needed, rather than trying, at the earliest of stages, to pave the way for blaming the colleges.

Mr Cole: That is certainly not the case. The fact is that we have only £143 million to allocate. That was our Budget 2010 settlement. The expectation in Budget 2010 is for efficiencies to be delivered within our baseline funding. Some efficiencies are being delivered at the front line by the colleges, and that is why there is a gap between the £143 million and the £151 million. Some colleges, over and above efficiency, delivered growth on previous years because of the economic downturn, particularly in full-time enrolments, and they wanted to maintain that capacity themselves. That is what is important about the college development planning process: the colleges present to the Department the curriculum plans that they want to deliver. We clearly tell the colleges what resource we can allocate to them in support of that curriculum, and there is an agreement between the Department and the colleges on what they will deliver. The figure of £151 million is an agreed position to deliver efficiencies, and some colleges have agreed to over-deliver.

Mr D McIlveen: Andrew, so that I am clear, if the colleges cannot deliver, who will take responsibility?

Dr McIvor: We have known for a couple of years that efficiency savings would be imposed — if you want to put it like that — on the colleges. We discussed with the colleges ways of doing that. They agreed to make those efficiencies in a number of ways, and we know that they can do it. They will be able to obtain some more value and efficiencies from the lecturers' contract, and they are very careful about class sizes and ensure that they do not run classes in which the numbers are too small. There are other things that they have been able to do to ensure that they are efficient, including the sharing of services and collaboration across the sector. We are confident that the colleges can deliver efficiencies, as they have done in the past. I take your point that there will be a stage at which no more efficiencies will be possible, but we do not think that we are at that point yet.

Mr D McIlveen: I am not trying to be awkward by asking the same question, but what if the colleges cannot deliver those efficiencies?

Mr Cole: The CDP is a rolling process, and the colleges' delivery this year will inform the curriculum plans that they present to us in March. If the colleges are not meeting the current delivery target, which was agreed, they will present the reasons for that to the Department. Those reasons could be wide-ranging and complex. They could be the result of the economic climate or the fact that 80% of enrolments are part-time. It is very volatile. The colleges' curriculum plans could, potentially, be racked back for next year, and we would then adjust them going forward. It is not a one-year, black-and-white plan, but a rolling plan for each college.

Mr D McIlveen: So the responsibility is on the colleges.

Mr Cole: The colleges develop curriculum plans in line with departmental policy, and we resource those accordingly.

Mr Buchanan: You said that the colleges ensured that classes were not too small. Does that mean that, because of having to make up the deficiency of £8.2 million, colleges will not deliver programmes that they would normally have delivered?

Dr McIvor: The management of the colleges want to run full services, and they do so. The issue is ensuring that they recruit enough people to all the classes. So careers advice is provided when students are choosing what courses to take. Hundreds of courses offer qualifications. As the numbers are on the increase, we are not looking at FE as a decreasing environment. Every year, more numbers are going into FE. So there is a lot of potential to ensure that classes are the right size.

The Chairperson: David, that was an intervention, so —

Mr D McIlveen: That is absolutely fine. I am more than happy for Tom to intervene at any time.

I will sum up by saying that it seems a bit unfair to me. It is clear that budgets are really tight. I know that budgets across every Department are being restricted and cut, but it seems that a little too much of the responsibility is being placed on the providers. In the course of time, if colleges struggle to meet the targets being imposed on them, I hope that the Department will recognise that the restrictions might have been too tight, rather than principals and colleges being told that they have failed. The targets may have been unrealistic at the start.

The Chairperson: I think that what David is saying is that the colleges might take a different view from the position that you are setting out, and we understand that. Nevertheless, we live in constrained financial times.

Mr Allister: Paragraph 10 of your briefing states that, on foot of more closely aligning the output of colleges to the economic vision articulated in the Programme for Government, there has been an increase in enrolments from 11,000 to 25,000. Will you clarify for me what type of enrolments those are?

Mr Cole: That specifically relates to essential skills enrolments.

Mr Allister: From paragraph 13, we know that that costs £10.5 million. Is that right?

Mr Cole: In the current year, yes.

Mr Allister: There are 25,000 enrolments in essential skills but:

"31,000 enrolments on shorter recreational courses."

Is that right?

Mr Cole: That is correct.

Mr Allister: Do you have any comment on what those respective figures say about the priority within the sector? Might it not be a little surprising to find 25,000 enrolments on courses to deliver essential skills in pursuit of an economic vision to get people into work but 31,000 enrolments on shorter recreational courses? Are you getting it right?

Mr Cole: There will always be a debate on the balance. When a college presents its curriculum plan to us and its curriculum mix of levels 1, 2 and 3, we also agree — I am getting to your question — what proportion of that provision should be in priority skills areas and, importantly, what proportion should be externally accredited and recreational in nature. Currently, the mix of funding committed to all provision, up to and including level 3, is 95% for professional/technical enrolments and 5% for hobby/recreational enrolments. Although 31,000 is a significant number of enrolments, they represent a small amount of money — only 5%.

Mr Allister: What does it cost?

Mr Cole: Around £3 million. For the 22,000 essential skills enrolments, there is a commitment of £10 million —

Mr Allister: Did you say 22,000 enrolments?

Mr Cole: How many was it?

Mr Allister: The figure in your paper is 25,000.

Mr Cole: Sorry. For the 25,000 essential skills enrolments, there is a commitment of £10.5 million. For the 31,000 recreational enrolments, there is a commitment of around £3 million.

Mr Allister: Is that because those are short courses?

Mr Cole: They are short courses and recreational in nature.

Mr Allister: Are you content, given the importance of driving forward an economic vision, that there is nothing out of kilter in having 25,000 enrolments on essential skills provision and 31,000 on recreational courses?

Mr Cole: No because 95% of the recurrent block grant is committed to the economically focused curriculum and the essential skills cohort on top of that. So the recreational side has a very small balance of the funding committed to its cohort of students. Those learners pay fees, and the Department provides a small amount of funding in support of them.

Dr McIvor: Although the economic agenda is the main one, there is also a sub-objective of encouraging lifelong learning, and those courses fit into that.

Mr Allister: I want to ask you about the cap on the capital side. Mr Redmond, you told us that, because of the fall in the property market, sale realisations have not taken place. Therefore, you have made bullet payments to colleges in the expectation that, one day, there will be recovery. The recovery in those circumstances, presumably, no longer comes to you, but goes to the Department of Finance and Personnel (DFP). Is that right?

Mr Redmond: Yes. It is likely to go to DFP in that event, because DFP has made up the shortfall for us in the current year, which amounted to £24 million. That money was committed to those projects and had to be paid. Otherwise, the contracts would have been in severe difficulties. DFP has given us that money, which will allow us to meet the commitments in those contracts. We hope to sell the assets at some stage in the future. I do not expect that they will raise £24 million.

The Chairperson: The issue is that it is not your problem. You have already got your money.

Mr Allister: It is the taxpayers' problem.

The Chairperson: That is correct.

Mr Allister: What has happened to the former Belfast Metropolitan College (BMC) site?

Mr Redmond: We have the same difficulty with that site. Its contract came along a little later, so, again, there was a commitment to that. In that case, it is £15 million plus VAT for BMC, which, again, would have been expected to have been raised by the sale of the College Square East and Brunswick Street properties. Again, the expectation is that those two properties will not come anywhere near those values. They are being put on the market at the moment. The money is required next year, but there is £18 million — £15 million plus VAT — in next year's DEL capital FE budget to meet BMC's commitment to its PPP contract.

Mr Allister: Are there any legal restraints on the use to which those buildings could be put, given the historical trust that governs them?

Mr Redmond: Yes. The College Square East building was gifted to the further education sector by the Royal Belfast Academical Institution (Inst) a hundred-odd years ago. There were restricted covenants and usage clauses in the title, some of which we have been able to negotiate with Inst with a view to their relaxation, which has made the property more saleable. For example, the covenants would have restricted the use of the building to educational purposes, but those have been relaxed, and it can now be used as a hotel or as a mix of a hotel and residential space. BMC, with DEL's support, has obtained planning permission —

Mr Allister: So are there any subsisting restraints?

Mr Redmond: There are still some, including gambling and various others, which we would expect for a building gifted by —

Mr Allister: Was that done on foot of negotiations with Inst, or on foot of a High Court cy-près application?

Mr Redmond: No, it was done —

The Chairperson: Jim, would you mind? I know the line that you are on, and, no doubt, you will pick it up independently. You have a train of thought, but you do not need to do it now.

Mr Allister: I was about to get the final answer.

The Chairperson: OK, I will let you have that. I am just saying that —

Mr Redmond: There are two ways of doing it. You could go to the 1978 Lands Tribunal and seek to have the restrictions set aside because they are no longer as appropriate as they were when they were put into the title and the lease. Alternatively, you could go to the people who have the rights within the lease and negotiate, which we did.

Mr Allister: Did you pay for that?

Mr Redmond: Yes. We paid £150,000 to Inst about three or four years ago to get that relaxation, which, in the view of Land and Property Services, was an amount worth paying for the increased value in the asset latterly, when it would be sold.

The Chairperson: No doubt, you will hear more.

Mr McElduff: I direct the team's attention to paragraph 16, which is about making sure that people from disadvantaged backgrounds, people who are suffering disabilities, and so on, can access the necessary funds. I seek reassurance that, in recent years, there was no underspend in that area, that there is full take-up and that there is sufficient public awareness.

I also want to seek an assurance that FE is sufficiently resourced to respond to crises in communities, such as the effect of the downturn in the construction industry on a particular area. In such a case, would the FE division of DEL move in with the college to ensure that it has the resources to respond to a new or developing situation?

Mr Cole: I will take your first question about the student support that is available. The policy priority for the Department going into this year's settlement was, obviously, to protect the front line delivery, to which the member referred, and the front line student-facing services. There was no reduction to those in this year's settlement on account of Budget 2010. However, they are demand-led services, and will increase, if necessary, during the year. There is always full uptake of all those services. Our student support officers, who are very active across each of the colleges, publicise those and the range of support available to individual students within their campuses.

Dr McIvor: The other part of your question was about whether FE can deal with a crisis, say, in the employment market. Over the past number of years, FE has, in fact, been funded for that. Obviously, we are here to talk about the grant that goes to FE, but the Department uses further education colleges for the delivery of all sorts of other programmes, which are resourced separately, such as the apprenticeship programme Training for Success and some of the Steps to Work programmes. Those are all fully funded, and their funding is separate and in addition to the grant.

Mr McElduff: Finally, I am not sure whether it comes into your FE domain, but there seems to be a major gap, specifically in relation to arts, drama and music. Young people who achieve an accreditation and become very employable attend very many courses but cannot get financial support for doing so. That could be a drum tech in England or a whole range of FE-style settings, but the young people cannot get funding, because, sometimes, it is adjudicated that such a course is not a step up. I would like the Department to look at the whole area of helping young people in arts, music and drama to gain some type of financial assistance en route. Do you have a comment on that or any knowledge of that area?

Dr McIvor: I am looking puzzled because I am not sure where you are coming from. In accessing funding, students of arts, music and drama would not be treated any differently from students in other areas.

The Chairperson: The issue that I was going to come on to may be of assistance in answering Barry's question. The only part of your briefing paper that refers to what you do is paragraph 10, in which you list the headline figures, beginning with:

*"5.4% increase at level 2;
16.2% increase at level 3 provision".*

You go through a range of areas, but I have one general question. If we need to be providing more ICT, because we think that there is a demand, do we see an uplift? Barry made the argument that cultural attainment is an important part of overall educational —

Mr McElduff: Chair, the reason I raised that is that I get 10 letters a year from young people who have chosen that route but say that there is a funding gap.

The Chairperson: Barry is talking about 10 specific people, but I was going to come in on that issue anyway. I am slightly surprised by your paper. It may just be because of the brief that we gave you, and we are quite prepared to accept that, but FE should be much more responsive to the economic environment in which we operate. There are emerging opportunities for arts and media studies and suchlike. There is certainly a demand for software engineers or technicians. There is a concern that we may be producing too many people with construction skills when there is not much demand for them. We hear enthusiasm from the colleges about how they are relevant to a modern Northern Ireland. The Department gives us the actuarial positions; it tells us what it is spending on this, that or the other. You might have given us a wee bit more enthusiasm and told us how you want to back FE to come forward with things.

Dr McIvor: I suppose that we stuck to our brief. All of us in the FE division are very enthusiastic about what FE delivers, because we see it as a very responsive sector. FE is doing so much with employers; in fact, what is unique and distinctive about FE is its nearness to employers, the employability skills offered and the employment that students get when they leave the colleges. There is such a high turnover of students that a college has to put on relevant courses to attract students every year. As some 80% of students are there for only a year, the colleges have to be very responsive. Certainly, looking out from the Department, we see a great closeness between the colleges and their local employers, in particular, and regional employers as a group. If our paper does not reflect that, I apologise, but I want you to be aware that we salute the efforts of FE and FE colleges because we are very impressed by the amount of work that they do.

Mr Cole: The only thing to add to that, Chair, is that what we provided is a framework for how we fund and prioritise the sector, and that is in an effort not to constrain the sector. As Mary said, the colleges are responsive and in tune with their local economy and local community. They can be responsive and present to us the curriculum plan to be resourced. What we presented to you was a framework that will, we hope, allow that to happen.

The Chairperson: OK. As we are on the topic, the document that you provided is excellent as a top-level explanation of how the budget is diced and sliced, but it raises more questions than it answers. The question of whether we get the additional support right has been raised, and we want to know what is happening with hardship funding and FE awards. It is down to whether those are being adequately resourced, and that goes back to the point that David McIlveen raised earlier, which is that we are extracting efficiencies from the colleges. That will have a knock-on effect, as Tom said. Already, courses that might have been run at the margin are now being cut for the sake of efficiency. That is not what we wanted to see from FE.

I will say this to you now so you have a chance to think about it: we need to make an argument, within the overall organisation of Stormont and the Executive, for why FE deserves funding, in what areas it needs it and what it will do with it. The opportunity to make that argument is at Committee, and it is particularly relevant now, given that none of us are sure what will happen to the responsibilities currently held by DEL. There may be an opportunity for us to come back to you about how to make the argument without compromising the Department's position in any way. In our summation, we will reflect on how best to do that, and we might ask for another paper.

Mr Douglas: I want to back up Barry's point about culture and the arts. Certainly, if you look at the band scene in Northern Ireland in both communities, but particularly in the Protestant community, it is by far the biggest growth section for community development, raising esteem and giving a sense of belonging and discipline. For me, it is a natural gateway into further and lifelong education, and we should look at that. Also, many of those young people come from a background of NEET. So I want to —

The Chairperson: We understand that the Department has a strategic imperative, which comes from the Executive, that is based on economic delivery, and that is why the budget is shaped in this particular format. However, there is an argument for reflecting the points that Barry and Sammy raised, which are to do with how community colleges have much more to do. Mary mentioned, of course, that Steps to Work and other programmes are utilised, but the colleges were always meant to be at the centre of communities. We need to put forward an argument that includes more than just dry statistics on level 2. Are those, for example, the right level 2 courses? I appreciate that we made you wait twice

before being able to hear from you. However, it might be appropriate, if the Committee were so minded, to receive a further paper from you on your vision for the FE sector. That could outline what the sector should and might do at a level below the blandness of paragraph 10 of your paper. We will, perhaps, write to ask you to respond on that.

Dr McIvor: That is a different brief, but we are happy to do that.

Mr Douglas: I forgot to mention earlier that James Galway is a good, perhaps the best, example, of someone coming through from a working-class community.

I have a double-barrelled question. First, I want to ask about a contingency allowance in the budget. We visited the Belfast Metropolitan College recently, a week or so before the huge storm that blew the roof off and damaged eight classrooms. Who pays to repair that? I would imagine it would be the PPP people, or the insurance company, rather than the Department.

Mr Redmond: That is a public-private partnership, and that particular risk transferred to the private sector. The contractor had to fix that, and he suffered some penalties for the non-availability of facilities while he did so. The damage was repaired very quickly, because the contractor did not want to face any further penalties that would reduce his income.

Mr Douglas: It is strange, Tom. I would have thought that a brand new building would have been built to the highest storm-resistant specification. Is there a contingency in place should something like that happen again and the contractor or developer was not responsible?

Mr Redmond: Those contracts are quite complicated, but, ultimately, it is the lender's responsibility if, for example, the contractor were to get into difficulties. There is no contingency: in effect, there is no need for one, because of the way in which the contract is set up. If the contract —

Mr Douglas: I am sorry, but I was asking about a contingency in the overall budget.

Mr Redmond: To meet the unitary charge?

Mr Douglas: There must be other examples that are not to do with capital, in which you would need —

The Chairperson: The answer, Sammy, is no, but the Department makes an application to DFP if there is a pressing need.

Mr F McCann: I want to follow up on a point that you and Sammy raised, Chair. I understand your point that the colleges are supposed to be at the heart of the community, but there is another training and education provision that is more community-based and has had some success. I have been at meetings to discuss the withdrawal of certain services, and, sometimes, it is the people providing those community-based services who are the first to be hit by budget cuts. The pressure may not come from the colleges but from the Department. Many people in the communities that I represent would say that the Department is totally inflexible in dealing with those matters.

I know that you spoke about visiting some of the local construction training programmes, but many young people are withdrawing their interest in going down that road. There is other community-based provision for such programmes —

The Chairperson: We will come on to the learner access engagement pilot in the next session.

Mr F McCann: I did not know whether that was to be mentioned in this session or the next.

The Chairperson: You make a really good point, Fra, but it will fit in with what we will discuss in the next session, and we will move on to that now.

Thank you very much. Do pick up the point about flexibility. Although targets are important, they are not the only issue that we need to be concerned about. Politically, we need to understand what

constraints the Department feels that it is under so that we can try to remove them. We want to see FE being responsive to community directions.
Thank you very much for your attendance. Mary is staying for the next session.