Northern Ireland Assembly

Committee for Employment and Learning

OFFICIAL REPORT (Hansard)

Teacher Training Infrastructure Report: Briefing from Grant Thornton

3 July 2013

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:
Mr Robin Swann (Chairperson)
Mr Thomas Buchanan (Deputy Chairperson)
Mr Jim Allister
Mr Sammy Douglas
Mr David Hilditch
Mr Chris Lyttle
Mr Fra McCann
Ms Bronwyn McGahan
Mr Alastair Ross

Witnesses:

Mr Charlie Kerlin	Grant Thornton
Mr Richard Martin	Grant Thornton

The Chairperson: I welcome Mr Charlie Kerlin, the head of consultancy at Grant Thornton, and Mr Richard Martin, its assistant manager. Gentlemen, you are very welcome to the Committee. Thank you for your patience while we got those pieces of work out of the road. The floor is open to you if you want to make an opening statement or some comments.

Mr Charlie Kerlin (Grant Thornton): Thank you, Chair. I assume that all Committee members have had an opportunity to read the report. It will be useful to spend a few minutes detailing the methodology and reviewing the key findings. In April 2012, Grant Thornton was appointed after a competitive tendering process by the Department for Employment and Learning (DEL) to undertake the review. That involved a review of the current method of funding of initial teacher education (ITE) in Northern Ireland, including the assessment of various elements that comprise the overall funding package for ITE. The review involved the benchmarking of the cost of teacher training in Northern Ireland against teacher training in the rest of the UK; considering whether the method of funding is appropriate and offers value for money; examining the current financial viability of the two university colleges; considering the future sustainability of the two university colleges by working with their teams to develop strategic income and expenditure projections for the short and longer term; and considering financial sensitivities at the two university colleges, such as a change in funding rates and activity levels. The report was very much financially focused, as requested by DEL.

Our methodology split into two phases. The first phase was to perform a desk review of relevant strategic documents to obtain necessary background information on the sector. To inform our work, consultations were agreed with DEL; the Department of Education (DE); the Education and Training Inspectorate (ETI); the two university colleges; Queen's University; the University of Ulster; and the Open University. We reviewed the current funding model through consultation with DEL and the

Training and Development Agency (TDA) in England, and we assessed it in comparison with how teaching is funded in other parts of the UK. That involved consultations with relevant organisations in England, Scotland and Wales, including the Scottish Funding Council (SFC) and the Higher Education Funding Council for Wales (HEFCW).

We also performed work to identify the cost of delivery for ITE provision for institutions in Northern Ireland and relevant institutions in the UK using Higher Education Statistics Agency (HESA) data. An assessment of the teacher demand model was done through consultation with officials at DE to understand the model that is supplied in considering the level of annual intake. As part of the teacher demand assessment, the General Teaching Council for Northern Ireland (GTCNI) was contacted about teacher employment data and statistics. Following the initial stages of work, stakeholder meetings were held in the two university colleges to gather their input for our initial funding and cost assessments, which form part of phase 1 of our work.

Phase 2 concentrated on financial stability and the sustainability of the two university colleges. That involved the assessment of their latest financial accounts, and income and expenditure projections. Assumptions for those were provided by the colleges independently of each other. During the assessment, we spent time with finance personnel for each college to understand the assumptions applied and to inform the base case set of projections. After obtaining the base case for each college, we applied sensitivities agreed with DEL to stress-test the projections for fluctuations in grant aid, including premium, ITE intake numbers, the English benchmark cost of funding and non-ITE intake numbers. In addition, we were asked to update the Stranmillis University College business case purely to reflect the new financial projections provided by Stranmillis and Queen's University. Our fieldwork was completed in August 2012. In November of that year, DEL asked us to do some additional work on the position of non-ITE places for university college viability, additional course benchmarking and updating of sensitivity analysis. Our final report was issued in February 2013 and detailed key findings; namely, that the current Northern Ireland funding model is based on the English initial teacher education model, which provided the best benchmark for funding.

The 2011-12 funding level per student that was applied to St Mary's and Stranmillis was higher that other ITE providers in Northern Ireland and peer colleges in England. That was mainly the result of premia funding. Under HESA guidance, premia are paid to colleges to compensate for diseconomies of scales, costs associated with specialist institutions, and colleges with historical buildings. In 2011-12, Stranmillis funding per student per annum was approximately 38% above the English and Northern Irish university figures, while St Mary's was approximately 31% above. Although some other GB institutions received funding premia, St Mary's and Stranmillis are the only ITE providers in the UK who receive small or specialist premia, equivalent to £1,763 per full-time equivalent (FTE) student in 2011-12.

From 2012-13 onwards, new entrants to initial teacher education in GB will pay tuition fees up to a maximum of £9,000 per annum. From our consultations, we learned that benchmark providers to the two colleges are charging students £7,500 to £8,000 per annum in 2012-13. That compares with a cost per student in Northern Ireland of some £10,000 per annum when we take account of DEL funding and tuition fees. Given the current financial climate, there will be increased focus on the level of funding that is provided for all courses. DEL has raised the question of whether the continued payment of premia is a sustainable policy in achieving teacher education outcomes.

Both colleges were permitted to diversify their provision into non-ITE, partially, as indicated, for financial reasons. Non-ITE activity accounted for 33% of full-time students at Stranmillis and 32% at St Mary’s. The current levels of non-ITE activity are key facets of the financial sustainability of the institutions.

The HESA data, when comparing the university colleges with their GuildHE peer group, indicate that costs are in the region of £1,000 to £2,000 per annum higher. However, owing to differences in cost allocation, comparison is difficult. Therefore, the only meaningful comparator is for institutional funding.

The Department of Education determines the number of teachers to be trained each year by the teacher training providers in Northern Ireland. DE's decisions in that regard are informed by its teacher demand model (TDM). According to Department for Education officials, the TDM generated two options that indicated a requirement for an intake of either 430 or 525 students in 2012-13. The demand model considers current teacher numbers, future pupil numbers, teacher wastage and re-entrant rates. The final decision on numbers also takes into account the need to maintain capacity in

ITE providers and the provision of opportunity for students to take part in higher education. The actual total intake announced by DE for 2012-13 was 600.

In each of the past four years, over 400 individuals who trained in other parts of the UK have registered with GTCNI as being available for teaching in Northern Ireland. When the report was written, GTCNI statistics indicated that approximately 1,500 people who graduated in the past five years and are registered with the council are not currently employed as teachers.

There is evidence to suggest that the quality of ITE provision in Northern Ireland is of a high standard. That is indicated by the Education and Training Inspectorate (ETI) reports. Both university colleges also rank above counterpart institutions for student satisfaction in 'The Guardian' league tables for education.

The sector is operating in a period of significant financial constraint with pressure to achieve efficiencies. At the time of writing our report, there was no agreed teacher education strategy that identified the desired outputs and outcomes for the sector and the desired unit cost for their delivery. In the absence of clear and agreed prioritised outcomes, it is difficult to make an assessment of overall value for money. ITE is currently funded at a higher cost than it is in other areas of the UK but appears to be delivering a quality output. Both colleges have identified capacity to increase student numbers and, as such, improve cost efficiencies. Whether the quantitative and qualitative outputs, including teaching quality, are deemed value for the additional funding is a clear consideration for policymakers.

On review of the current historical financial projections, both colleges are financially stable. However, they are both heavily dependent on future levels of initial teacher education core funding, including premia, and associated tuition fees for students. Based on the colleges' assumptions and financial projections, the colleges are likely to be financially stable in the short term. For both colleges, those results are again critically dependent on key management assumptions, including the current number of ITE and non-ITE students being maintained, and current funding levels, including premia. Those points are acknowledged in their various strategic documents.

As noted in our report, each of the sensitivities for both colleges indicates that the colleges are unlikely to be financially viable under those scenarios unless significant efficiency savings can be obtained.

The Chairperson: Thanks, Charlie. I have a couple of points before I open it up to members. You were selected in the second, not the first, selection and appointment tender process. Is that correct?

Mr Kerlin: As I understand it, yes.

The Chairperson: Did you go in for the first tender?

Mr Kerlin: No.

The Chairperson: Are there any reasons for that?

Mr Kerlin: No, we decided to go for the second tender.

The Chairperson: That is OK. You said that the only meaningful comparison that you had was the institutional funding. Is that not a weakness in the whole scope of things? Is there not a weakness in the study if you are comparing the two Northern Ireland teacher training colleges with those in GB but using only the comparison in institutional funding?

Mr Kerlin: In the study, we tried to look at funding and cost. In looking at the cost basis, we looked at variations of TRAC (transparent approach to costing) data and HESA data. Both university colleges will certainly use the HESA data for part of their benchmarking costs, but it is recognised in their consultations that the basis on which those costs are accumulated is not definitive. Therefore, you cannot make absolute comparisons. As we understand it, both university colleges use those to indicate where they may well be varying from some of their peer group, but, for a value-for-money study, you cannot absolutely indicate what that final figure is. As such, you can do only the proper benchmark on the actual funding that comes from government or through tuition fees.

The Chairperson: Therefore, there will be a weakness there if it is not going into —

Mr Kerlin: It is identified in the report, yes, that the data is not there to make the conclusions.

The Chairperson: I move now to the financial viability of both colleges. I know that you said that it was not there in the long term. I think that St Mary's was viable until the 2018 financial year and Stranmillis until the 2021 financial year. How far into the future did the business plans that were presented to you from the colleges or from the Department look?

Mr Richard Martin (Grant Thornton): They looked forward three years. The projections that they provided looked forward three years, and those were extrapolated using their assumptions for 10 years.

The Chairperson: I am trying to get the feel of this. The colleges provided you with a three-year business plan, which would take them to 2015-16?

Mr Martin: Yes.

The Chairperson: Then you extrapolated that St Mary's would not be viable three years later, but that Stranmillis could last another three years. That was based solely on a three-year business plan.

Mr Martin: Yes, using the same assumptions that they used for those three years.

The Chairperson: Had you any engagement with the colleges looking to expand that, or did you accept those assumptions rather than challenge them?

Mr Martin: Yes, there was engagement with the colleges, and they were sent the 10-year projections.

The Chairperson: Did they agree them? Did they have to agree them or was it simply the case that the figures that you sent were deemed to be —

Mr Martin: They did not make any further comment on them. They were told the basis of how we extrapolated them, which was using the assumptions that were provided by them and by DEL.

The Chairperson: So they were told?

Mr Kerlin: The three-year projections were produced in conjunction with the financial officers at each university college. At that point, their indication was that they did not form projections beyond that period, so to try to extrapolate this over a period you had to use broad assumptions. The underlying assumptions that were used in the final period of those projections were used, so the extrapolation was to do with future income levels and, mainly, staff costs and operating costs. The operating costs and staff costs were effectively consistent assumptions with what the university colleges had in their three-year projections.

The Chairperson: Were the sensitivities in the scoring mechanisms agreed by DEL?

Mr Kerlin: Yes.

The Chairperson: Had the colleges any input into those sensitivities or the scoring?

Mr Kerlin: No.

The Chairperson: None at all?

Mr Kerlin: No.

Mr Allister: Were you simply handed the terms of reference or had you any input into them?

Mr Kerlin: We were given the terms of reference for us to pull together a proposal as part of the exercise of the initiation when we have a discussion to clarify areas of focus with the officials at the Department for Employment and Learning.

Mr Allister: At what point did DEL ask you to have a good look at the premia funding?

Mr Kerlin: Sorry?

Mr Allister: At what point did DEL ask you to take a specific look at the premia funding?

Mr Kerlin: The premium? Part of the initial terms of reference was to look at the funding model and its component parts. The premia is —

Mr Allister: Page 10 of your report states:

> *"DEL has raised the question of whether continued payment of premia is a sustainable policy".*

Was that done at the outset or after a subsequent engagement with the Department?

Mr Kerlin: Looking at the effect of the premia was part of the initial study. That comment that you referred to came back from the colleges consultations with the Department for Employment and Learning.

Mr Allister: Were you hands-on in this investigation?

Mr Kerlin: I led the investigation.

Mr Allister: Although the terms of reference take a broad-brush approach to teacher training in Northern Ireland, the report quickly focuses on the two university colleges. The report tells us very little about the other three sources of teacher training, is that not right?

Mr Kerlin: Those were the terms of reference under which we were asked to —

Mr Allister: You were not asked to take a broad-brush, holistic look at teacher training in Northern Ireland. You were asked to take a specific look at Stranmillis and St Mary's in the context that they were two of five, is that not right?

Mr Kerlin: We responded to the terms of reference that —

Mr Allister: Is that a fair summation of the terms of reference?

Mr Kerlin: We responded to the terms of reference —

Mr Allister: Sorry, is it a fair summation of the terms of reference that the focus that you were given was the two university colleges.

Mr Kerlin: I repeat again: we responded to the terms of reference that were issued to us by the Department?

Mr Allister: Have I fairly summarised them?

Mr Kerlin: We responded to the terms of reference.

Mr Allister: Now, now. We are used to civil servants giving us that sort of answer. Please, is that a fair summary of the terms of reference?

Mr Kerlin: Grant Thornton had to respond to —

Mr Allister: I am not criticising you. You did not draft the terms of reference.

Mr Kerlin: We responded to them.

The Chairperson: Jim, I do not think that you are going to get any further with that.

Mr Allister: It is pretty obvious, is it not, Mr Kerlin, that DEL's interest was in the two university colleges? They were not particularly interested in anything that you came up with for the other three outlets, was it? Indeed, you came up with nothing.

Mr Kerlin: We responded to the terms of reference that were there.

Mr Allister: But what about responding to my question? Can you try that?

Mr Kerlin: I cannot. The terms of reference were established. It was not in our remit to establish the terms of reference —

Mr Allister: I know that.

Mr Kerlin: — and we responded to what we were —

The Chairperson: Jim, Grant Thornton is here to talk to the report.

Mr Allister: You had comparators in England. Was it two or three colleges?

Mr Kerlin: It was four colleges.

Mr Allister: Which four?

Mr Martin: St Mary's University College, Twickenham; Newman University College, Birmingham; Leeds Trinity University; and Bishop Grosseteste University College, Lincoln.

Mr Allister: What size are those?

Mr Martin: They are considered small by the —

Mr Allister: How many students? How many teacher training students?

Mr Martin: Over 2,000 students.

Mr Allister: How many at each?

Mr Martin: I do not have that figure.

Mr Allister: You do not have that?

Mr Martin: I do not have that information with me.

Mr Allister: If you are doing comparatives, would it not be pertinent to put the comparators in the report and to know what they were, particularly given the premia component, which speaks to the size of colleges?

Mr Martin: The report mentions that all the comparative colleges have over 2,000 students.

Mr Allister: Therefore, they all have over 2,000 students, while Stranmillis and St Mary's have how many?

Mr Martin: Around 1,000.

Mr Allister: And how many teacher training students?

Mr Martin: I think that the figure is around 70%.

The Chairperson: Who selected those colleges for comparators?

Mr Martin: That was done through consultation with the Training and Development Agency for Schools (TDA) in England. It is also part of the GuildHE peer group that St Mary's falls under in the HESA data. However, not all those peer groups are education-focused; some of them are music colleges and so on. Through consultation with the TDA, they were chosen as the best comparative colleges.

Mr Allister: Would it not have been better to compare with like-sized institutions?

Mr Martin: The most like-sized institutions fall under the GuildHE peer group, which has also been chosen as a —

Mr Allister: Are there teacher training facilities in England that are similar in size to Stranmillis and St Mary's?

Mr Martin: At the moment, there are not, because in GB, smaller institutions have —

Mr Allister: Been squeezed out.

Mr Martin: — become part of the larger universities.

Mr Allister: It is a pretty flawed exercise to compare a small college with a large college and then say, "Hey presto, they need more premia funding". There is no big surprise in that, is there? You are not comparing like with like.

Mr Kerlin: When we are trying to benchmark, we are benchmarking against the most equivalent colleges. We took direction from the authority — the Training and Development Agency — on what the comparator colleges were. It is a fact that the colleges in England are larger than the two university colleges in Northern Ireland, but we also looked at the funding to those colleges as part of the benchmark.

Mr Allister: Did someone want you to conclude that Stranmillis and St Mary's came out in the worst possible light and that you should compare them with something that they should not be compared with at all?

Mr Kerlin: The comparator colleges that are used — other than those, as Richard said, that are very specialist in nature — are those that are used for HESA data.

Mr Allister: You did not dwell on it, but it is quite clear that Stranmillis and St Mary's score very highly in their standards, in rankings in the league tables and in student satisfaction. St Mary's is, I think, first in the rankings across the UK. Is that right? Does none of that count for anything? Is this just all a financial exercise?

Mr Kerlin: The report identifies those aspects of quality and student satisfaction.

Mr Allister: It gives no weighting to them in painting a future for those colleges.

Mr Kerlin: The report concludes that part of the issue is that, in trying to look at the assessment of value for money, there is no identification of the relative cost to try to secure that level of quality. If that benchmark was there, it could be assessed as part of the process.

Mr Allister: Yes, but it was not. The issue is not addressed. If we pulled the financial plug on these, we would lose great success in the league tables, great student satisfaction and a very high standard of output. There is no evaluation of that whatsoever.

The Chairperson: Jim, to be fair, in Charlie's opening statement, he said that the report was financially focused.

Mr Allister: OK. You do what you are asked to do, but is it not a surprise to you that you were not asked to set that out as a balancing exercise?

Mr Kerlin: We respond to the terms of reference. We have identified a number of those qualitative aspects that you mentioned but because there is no specific measure to link resource to those outputs, you cannot make definitive comments.

Mr Allister: Even with the direction in which you were pointed, there is no escaping the fact that both colleges have operating surpluses and that both are financially stable for about the next 10 years. Is that right?

Mr Kerlin: The projections show, looking at their historical information on the operating surpluses, cash position and balance sheet, that both colleges effectively are financially stable. The financial projections are projections and are based on critical assumptions about income, staff costs, operating expenditure and capital expenditure. On the basis of the assumptions in the base case, St Mary's and Stranmillis would not show an operating deficit until 2018 and 2020, as stated in the report.

Mr Allister: Which, in this climate, is not bad.

Mr Kerlin: On the assumption of those financial projections.

Mr Allister: Chairman, I have two quick points. I know that I am pushing it.

The Chairperson: Jim, you have pushed it. I would rather give someone else a chance. I may come back to you.

Mr Douglas: You said that there is evidence to suggest that the quality of initial teacher education (ITE) provision in Northern Ireland is of a high standard. Why are you so reluctant to praise the quality of the two university colleges?

Mr Kerlin: The quality of provision is assessed by the Education and Training Inspectorate (ETI). The report refers to the output of the ETI reports, which is that they are of a quality standard.

Mr Douglas: From my reading of the report, you fail to praise the two university colleges.

Mr Kerlin: The report indicates that they have good quality outputs.

Mr Douglas: The report seems to suggest that the two colleges receive a higher level of funding than colleges in England. Do you agree with that?

Mr Kerlin: Yes, with their core funding.

Mr Douglas: The report also states that that comparison can be made only for 2011-12 and not for this year.

Mr Kerlin: In 2012-13, the model is changing in England for fees to be fully paid by tuition fees. As such, there will not be a benchmark because there will not be funding from the core Department.

Mr Douglas: The report states:

> *"the changing fees regime in GB will make this comparator redundant in 2012/13."*

If what you say is true, does that mean that it is incorrect to say that the colleges are receiving higher levels of funding that universities and colleges in England this year?

Mr Kerlin: When we were conducting our study in 2011-12, which is the benchmark, that is where our comparator was made. The report states that in 2012-13, because of the move of the funding model to the tuition fees base model, there will not be a comparator in the current year.

Mr Douglas: Jim talked about the premia. Can you confirm that the use of the premia was for a small specialist college and that it was a standard component of the Higher Education Funding Council for England (HEFCE)? If that was a component for DEL in the model introduced by Sir Reg Empey in 2008, is this the model?

Mr Kerlin: The report refers to HEFCE guidance for a premia payment for a specialist college — colleges that are of a smaller scale — and also for historical buildings. There are guidance ranges that show when that funding can be provided. Post-2008, DEL has been making payments to the university colleges based on premia.

Mr Douglas: You talked about comparable levels of funding in England. Did you look at any colleges in Scotland as an example?

Mr Kerlin: The ITE provision in Scotland is within universities. There are no stand-alone separate teacher training colleges.

The Chairperson: What about Southern Ireland?

Mr Kerlin: That was not part of our scope.

The Chairperson: You were basing it on GB colleges.

Mr Kerlin: We looked for the comparator funding model in GB colleges. We also looked at comparator costs.

The Chairperson: Was that from DEL or from you?

Mr Kerlin: That was the remit of the terms of reference.

Mr F McCann: You spoke about assumptions, projections and extrapolations to try to arrive at a figure somewhere down the line. Could it be wrong?

Mr Kerlin: Projections will never always be exactly right. They are estimates about what the future might hold for income and costs.

Mr F McCann: Circumstances can also change and may not make those extrapolations reliable.

Mr Kerlin: They are always subject to change, which is why we put a levels of sensitivity analysis in place. That does some stress testing of what the results might look like if there were to be changes to some of those core assumptions.

Mr F McCann: Quite often, however, when material is put in a report and there are assumptions and extrapolations, it carries quite a lot of weight, especially for the Department, which commissioned the report, when it comes to the decisions that it will make.

Mr Kerlin: The base case and three-year assumptions were produced from assumptions from the financial officers of the two university colleges. As we said, there was an extrapolation from those key assumptions about income and expenditure over the rest of the projection period.

The Chairperson: Who set the projection period? Were you asked to extrapolate until the colleges became unviable? Why did you stop at 2021?

Mr Kerlin: The terms of reference asked us to look at short-term and long-term projections for a period of five to 10 years. The colleges were producing projections for a three-year period and did not have projections beyond that. Therefore, there had to be an extrapolation. That information and those projections were shared with the financial personnel of the university colleges.

Mr F McCann: How many drafts of the report did you submit to the Minister, and what changes did you make between the first draft and subsequent drafts?

Mr Kerlin: A draft report was submitted to the Department shortly after we produced our fieldwork in August 2012. As happens with a number of projects, there was a discussion with the Department about the findings and, as I said, in November 2012 we were required to do some additional work on the project. It is our independent report, however, and it became final only when we signed off on it in February 2013.

Mr F McCann: When you sent the first draft to the Minister, did he or the Department encourage you to make any changes, or was that a decision that you made between the publication of the draft report and the publication of the final report?

Mr Kerlin: The final output of the report is our decision. Obviously, as part of the exercise at the end of phase 1, there was consultation with the university colleges so that we could make sure that we had all the necessary facts. We were keen to ensure factual accuracy, and we also tested for that against some of the information that came from the Department of Education, particularly with the teacher demand model.

Mr F McCann: Surely when you have a tender to produce a report, you hand a copy of the first draft in to the people whom you are working for, and they come back with suggestions. That is the normal way to operate; you would go back and look at the suggestions that were made by the Department and the Minister.

Mr Kerlin: As I said, we seek clarification about whether there are areas of concern. In certain consultations, we want to make sure that we have the right information in the report. Factual accuracy is important because we could put information into the report that, for one reason or another, has not been correctly included in the final report.

Mr F McCann: Why does your report not suggest increasing student numbers at the university colleges as a means of reducing unit costs?

Mr Kerlin: The report indicates, as part of the exercise, that increasing student numbers would have an impact on reducing the costs of the university colleges. Again, the stress testing on the financial projections was downwards.

Mr F McCann: Was that not suggested by the Northern Ireland Audit Office?

Mr Kerlin: Sorry, in relation to?

Mr F McCann: In relation to student numbers.

Mr Kerlin: In relation to adjusting numbers upwards?

Mr F McCann: It says that increasing student numbers can help with unit costs.

Mr Kerlin: Yes.

Mr F McCann: Was that not suggested in the Northern Ireland Audit Office report?

Mr Kerlin: Clearly, for organisations that have a fixed cost for salaries and premises costs, additional student numbers will reduce the unit cost per student.

Mr Lyttle: Thank you for your presentation. I welcome the fact that the report notes that there is high-quality teacher training in Northern Ireland. It is good that that has been referenced.

Mr Allister always focuses on outputs and financial sustainability in other situations. Does the report refer to the fact that around 1,500 graduate teachers are unemployed?

Mr Kerlin: Yes. We obtained information from the GTCNI, which indicated that approximately 1,500 student teachers who graduated in the past five years are not gainfully employed in teaching in Northern Ireland.

Mr Lyttle: Did the report refer to the fact that the cost to the public purse to train a teacher is higher than the cost to train an engineer, for example?

Mr Kerlin: That was part of the additional benchmarking the Department wanted us to look at. That is driven by the fact that teachers get a qualification, which can lend itself to boosting an individual's chances of getting a job. As part of that exercise, we were asked to look at the relative costs. There are comparators in the report for three-year degrees and four-year degrees, particularly those in STEM-related subjects.

Mr Lyttle: Does the report refer to the fact that the average cost of training a teacher in our university colleges is higher than the average cost of training a teacher in local universities?

Mr Kerlin: Yes. The unit cost per student is in one of the appendices. That identifies that the cost is higher in the university colleges than in Queen's and the University of Ulster.

Mr Lyttle: That is helpful information. Thanks for providing that.

Mr Allister: When you were assessing the financial viability of Stranmillis and St Mary's, did you give any consideration to the impediment that they find from now being non-departmental public bodies (NDPBs)?

Mr Kerlin: That was not part of the scope of the exercise.

Mr Allister: I am sure that you would be aware from other work that NDPBs are restricted from retaining the profit that they make — for example, from the conferencing facilities in Stranmillis. You will also be aware that they are restricted in how they can grow their income.

Mr Kerlin: I do not have the detail about NDPBs.

The Chairperson: Would that not affect the projections to 2021?

Mr Kerlin: Any acquired surpluses are retained in the retained earnings of those entities. If we look at the profile of those reserves, they are maintained as part of those projections.

Mr Allister: No, the point is that, because of their NDPB status, they are restrained from being able to raise funds that would feed into their financial viability. That is why I am surprised that you do not know about that. There is a controversy about whether they should be retained within NDPB status. However, you did not consider that as having an impact on the 10-year projection at all.

Mr Kerlin: As I said, the base projections stated that the operating surpluses are retained within the reserves of the individual institutions.

Mr Allister: How much did the report cost?

Mr Kerlin: I do not have the exact detail of how much it cost, but I am happy to send it to the Chair.

Mr Allister: Thank you.

The Chairperson: There are no more questions. Charlie and Richard, thank you very much for your time. It has been appreciated.