

FROM: John Leonard
DATE: 7 September 2010
TO: John Simmons
Clerk to the Committee for Education

BUDGET 2010

1. Further to your recent requests for additional information for the Education Committee on Budget 2010 issues I have attached the following Appendices for the Committee's consideration:

Appendix

1. Updated 2010-11 Budget Distribution Table to reflect allocation of ELBs Centre Budget
 2. Table showing DE's Budget 2010 resource spending proposals including 2010-11 baseline information
 3. Further information on Pay and Aggregated Schools Budget spending proposals
 4. Further information on Extension of Free School Meals Criteria
 - ~~5. 2010-11 ELB RAP Allocation letters~~
 6. Update on ELB Earmarked Budgets
 7. Major and Minor Works Budgets for Schools
 8. Middletown Centre for Autism
2. I trust that these appendices address the issues that members have raised in the context of Budget 2010.
 3. Officials will be happy to discuss any further queries that Committee members may have when they attend the Committee meeting on Wednesday 8 September. In the meantime, I trust the Committee will find this information helpful.

JOHN LEONARD

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APPENDIX 1

EDUCATION BUDGET DISTRIBUTION 2009-10 to 2010-11

(a) Figures below represent the 2009-10 and 2010-11 starting position.

(b) Due to roundings some figures may not sum to totals.

	2009-10 Plan	2010-11 Plan
£m		
1. RESOURCE Departmental Expenditure Limit		
Schools Delegated Budgets, which comprise:	1,106.0	1,127.0
Year on Year change		+1.9%
- ELB-funded Schools (controlled and maintained)	843.2	861.7
- Voluntary Grammar Schools	205.4	206.6
- Grant Maintained Integrated (GMI) Schools	57.4	58.7
ELB School-related Centre Resource Budgets (excluding earmarked, demand determined, ring fenced budgets)	406.1	399.8
Year on Year change		-1.6%
These Budgets comprise:		
(a) Resources allocated to schools:		
- Teacher Substitution Costs	15.8	14.8
- Rate	28.9	29.1
- Special Education in Mainstream Schools – This relates to costs in meeting the needs of special educational needs (SEN) pupils in mainstream school settings	58.0	58.8
- Landlord Maintenance	9.8	9.7
- Other - This comprises a range of smaller budgets relating to schools, including support under LMS curriculum reserve and contingency fund arrangements, redundancy and insurance costs.	21.4	20.3
(b) Services to Schools – Resources held centrally by Boards, which include:		
- Transport	73.2	73.0
- School Meals	32.1	32.5
- Curriculum Advisory and Support Service (CASS)	19.8	19.1
- Maintenance	4.9	3.2
- School Library Service	3.3	2.7
- Special Schools	81.8	79.4
- Pupil Support	20.2	18.9
- Other – comprises Road Safety cost, copyright licences and other misc.	6.0	4.8
- HQ Administration (incl. 5 ELB services)	31.4	33.5

ELB School-related Earmarked, Demand Determined and Ring-fenced Budgets	218.8	237.0
Year on Year change		+9.2%
This comprises a large number of budgets, of which the main ones are:		
- Classroom 2000	53.2	50.9
- School Improvement Programme	9.0	9.7
- Special Education Programmes	8.9	5.7
- SEN Review	1.0	8.3
- Children Order	11.2	11.2
- Pre-School Initiative	10.6	12.3
- Entitlement Framework	17.7	18.2
- PPP Related Payments	16.3	23.8
- Professional Development of Teachers	4.6	4.9
- School Meals Nutritional Standards	3.2	3.3
- Extension of Free School Meals Entitlement	0	3.0
- Curriculum Development	9.6	9.7
- Extended Schools	4.8	10.0
- ELBs IT Systems	3.7	4.1
- Schools' Transitional Costs e.g. Start-up/Travellers/EAL	2.2	2.2
- Equipment for New Build/Procurement	6.3	6.0
- School Transport – Safety Measures/Systems	2.9	3.0
- Job Evaluations	4.6	3.9
- Boarding & Clothing Allowances	3.2	3.2
- Teachers' Enhanced Severance Costs	6.0	9.0
- Additional Maintenance	5.5	5.5
- Innovation Fund	2.7	2.7
- ESA Implementation Costs	31.5	22.3
- IDF Programme	0	2.4
- Other	0.2	1.8
Voluntary Grammar and GMI Schools Central Support costs	23.0	23.6
Year on Year change		+2.6%
- VGS	10.7	10.9
- GMIS	12.3	12.7
These budgets cover resources allocated to schools to cover centrally funded expenditure such as teacher substitution, costs of meeting the needs of statemented pupils in mainstream school settings, support under LMS curriculum reserve and contingency fund arrangements, and redundancy costs.		

Other NDPBs and Miscellaneous Education Services	41.0	44.4
Year on Year change		+8.3%
NICCEA	25.3	23.1
CCMS	4.1	4.1
Staff Commission	0.4	0.4
Other Misc Grants & Payments including:-		
Middletown Autism Centre	1.1	1.8
Special Education	0	0.4
Teacher-related Activities	0.4	0.4
Young Enterprise NI & Business/Education Links	1.5	1.6
Pupil Support & Counselling	2.8	3.7
NI Council for Integrated Education	0.6	0.7
CnaG	0.6	0.7
Educational Research and Publicity	0.4	0.4
Access NI	1.4	1.2
Procurement Strategy	0.9	0.7
Others	1.5	2.3
New Sectoral Support Bodies	0	2.9
Early Years Provision	23.9	26.6
This covers the costs of budgets transferred to DE from DHSSPS in recent years		
Year on Year change		+11.3%
Funding through Health Boards (incl Sure Start)	20.6	23.3
Funding through Voluntary Bodies	3.3	3.3
Youth and Community Relations (excluding Department of Education costs)	31.6	29.3
Year on Year change		-7.3%
Youth:		
- ELBs Youth	22.7	23.0
- Voluntary Youth Services	1.2	1.3
- Youth Council	4.2	3.9
Community Relations		
- ELBs/Voluntary Community Relations	3.5	1.1
TOTAL RESOURCE	1879.1	1914.8
Year on Year change		+1.9%

2. CAPITAL EXPENDITURE		
PPP Projects	50.2	101.1
Capital projects on Site	39.7	18.3
Capital projects in Planning	70.8	0
Minor Works	90.8	30.0
Transport	4.8	1.7
ICT	2.0	0.8
Middletown	2.7	1.2
Early Years	2.4	2.5
Lisanelly	-	1.0
Innovation Fund	1.0	0
Special Schools	0.6	0
Teacher Pension project	0.3	0.7
Youth (Budget 2007 outcome)	5.0	5.0
Youth additional need post Budget 2007	5.0	0
Land Acquisition	0	7.5
Professional Services	0	6.0
Asset Sales	-22.0	-4.0
Overcommitment		-2.7
TOTAL CAPITAL	253.3	169.3
<i>Year on Year Change</i>		<i>-33.2%</i>

APPENDIX 2

TABLE SHOWING BUDGET 2010 RESOURCE SPENDING PROPOSALS FOR DEPARTMENT OF EDUCATION

Admin/ Resource	Description	Baseline					£m
		2010-11	2011-12	2012-13	2013-14	2014-15	
*Resource	Teachers' Pay	962.1	23.5	24.6	40.2	61.4	
*Resource	Non Teaching Paybill	453.8	13.7	34.0	51.5	70.2	
Resource	Aggregated Schools Budget	1,127.0	7.3	18.1	28.5	37.0	
Admin	Up-front costs for delivery of savings (redundancy costs)	0.0	2.0	3.6	5.4	7.2	
Resource	Up-front costs for delivery of savings (redundancy costs)	0.0	56.3	34.8	76.2	68.3	
Resource	Maintenance of Expenditure Levels for Non-Pay Elements of the Education Services (Resource) Budgets	474.2	9.0	20.1	33.0	46.7	
Resource	Public Private Partnerships	23.8	8.6	11.6	14.6	15.2	
Resource	Maintenance	19.2	30.0	30.0	30.0	30.0	
Resource	Non Teaching Payroll Services	0.0	0.5	0.5	0.5	0.5	
*Admin	Departmental Administration	16.7	1.4	2.1	2.9	3.8	
*Resource	Departmental Administration	6.1	0.3	0.5	0.8	1.2	
Resource	Convergence	5.2	12.4	14.3	0.3	0.3	
Resource	Reducing Inequalities for Children with Special Educational Needs	0.0	0.6	0.6	0.6	0.7	
Resource	Extension of Free School Meals Eligibility Criteria	3.0	10.2	10.5	10.8	11.0	
Resource	Aggregated Schools Budget-Extension of Free School Meals Eligibility Criteria	0.0	11.6	20.3	20.3	20.3	
Resource	Enhance STEM Education and increase supply of STEM skills (Innovation Fund ends 2010-11)	0.0	1.8	1.7	1.8	1.8	
Resource	The Pre-School Education Expansion Programme (PSEEP)	12.3	1.0	1.0	1.0	0.5	
Resource	Implementation of the Early Years (0-6) Strategy	0.1	2.4	3.6	3.5	4.0	
Resource	Youth Work – Mainstream & Outreach Provision	28.0	1.0	2.0	3.0	4.0	
Resource	Full Service Programmes - Use of Schools	0.8	1.8	1.8	1.8	1.8	
Resource	ESaGS - Sharing effective practice ('specialist schools - new model')	0.0	0.8	1.5	1.5	1.5	
Resource	Quality Start for Beginning Teachers	0.0	2.1	3.6	3.6	3.7	
	TOTAL		198.3	240.8	331.8	391.1	
	<i>of which:</i>						
	<i>Admin</i>		3.4	5.7	8.3	11.0	
	<i>Other Resource</i>		194.9	235.1	323.5	380.1	

* Spending proposals amended to take account of revised working assumptions

PAY AND AGGREGATED SCHOOLS BUDGET SPENDING PROPOSALS

The 3 pay spending proposals (i.e. for teaching, non teaching and Departmental staff) shown at Appendix B of 25 August paper issued to the Education Committee have been amended to take account of revised pay assumptions as discussed with DFP. These spending proposals seek to address the anticipated inescapable additional costs for the existing education workforce. They do not seek to provide funding to increase the number of staff currently employed in the education sector (including Departmental staff) i.e. this funding is just to stand still. Further information on the assumptions used for each of these pay groups is set out below.

i. Teaching Staff

The underlying assumptions for this proposal are as follows:

- The teachers' pay uplift for 2010-11 will be implemented from September 2010 to August 2011 (i.e. academic year) honouring the last instalment of the three-year pay award
- a 2 year pay freeze for teachers' will commence from September 2011 to August 2013 impacting on 2011-12, 2012-13 and 2013-14 financial years;
- For 2013-14 and 2014-15, a cost of living increase (based GDP of 2.6% and 2.7% respectively) has been included;
- the pay freeze will not apply to incremental progression;
- 1% increase in employers' national insurance contributions from 1 April 2011; and
- 0.4% projected increase in employers' superannuation contributions from April 2011.

ii. Non Teaching Staff

The underlying assumptions for this proposal are as follows:

- pay freeze implemented for 2010-11 and 2011-12 for all groups with the exception of Teacher Related who are in the third year of a current pay agreement and so pay freeze will be implemented from 2011-12 and 2012-13;
- the pay freeze will not apply to incremental progression;
- 1% increase in employers' national insurance contributions from 1 April 2011; and
- 1% projected increase in employers' superannuation contributions in both 2011-12 and 2012-13.

iii. Departmental Staff (both admin and resource)

As highlighted above, this spending proposal represents the minimum amount necessary across the Budget 2010 period and does not include any amounts to increase the existing DE staffing complement. The figures represent the additional sums required to uplift the 2010-11 baseline position for the cost assumptions listed below. This proposal is based on a status quo in the DE staffing complement and does not represent additional staffing proposals. The underlying assumptions for this proposal include:

- 1% increase in employers' national insurance contributions from 1 April 2011;
- Pay freeze assumed in 2010-11 and 2011-12 so for 2011-12 no cost of living increase but 2% incremental progression;
- For 2012-13, 2013-14 and 2014-15, 2% incremental progression and cost of living increase based on GDP (i.e. 2.3/2.6/2.7% across the 3 year period respectively);
- Annual increased cost to meet equal pay costs in respect of AA/AO/EOII staff; and

- Annual increased costs arising from 1.5% increase in superannuation costs from April 2010.

iv. Aggregated Schools Budget (ASB)

The ASB (core front-line funding to schools) spending proposal (as shown at Appendix B line 3 of 25 August paper) reflects assessed increased needs due to increased numbers of school-age pupils and changes in the profile of such pupils in schools (i.e. more pre-school and pupils staying-on post-16); along with increased needs for TSN related funding (due to the on-going economic downturn); and a range of other increasing needs, such as Newcomer pupils, and changes arising from the increase in the rate of VAT etc. This spending proposal does not include increases for pay and non-pay pressures which are separately identified in the spending proposals.

v. Up-front Costs for Delivery of Savings (Redundancy Costs) – admin and resource

Employing authorities have advised that there will be approximately 188 teacher redundancies during 2010-11. In future years it is reasonable to assume that without further budget cuts the number of teacher redundancies will remain at a similar level as 2010-11.

The spending proposals for up-front costs for delivery of savings (redundancy costs) have been submitted to DFP to register any potential costs that may be incurred if savings need to be delivered from any decision to deliver reductions in funding from the education workforce both in the education sector (i.e. teaching and non teaching staff) and Departmental staff. Any savings to be delivered by Departments across the Budget 2010 period will need to be agreed by the Executive and so it would be premature at this stage to provide any further underlying information on numbers, staff groups affected, date of potential redundancies etc. These proposals will be reviewed once decisions on

any savings are made and it will be at that stage that more robust plans on the delivery of savings will be developed.

EXTENSION OF FREE SCHOOLS MEALS ELIGIBILITY CRITERIA

Costs

As part of the DE budget outcome for 2010-11 the Education Minister announced the extension of the eligibility criteria for free school meals to include full-time nursery and primary school children whose parents are in receipt of Working Tax Credit and have an annual taxable income which does not exceed £16,190 (in 2010-11). The new criterion is to be introduced on a phased basis with Nursery, Foundation Stage and Key Stage 1 pupils eligible from September 2010 with Key Stage 2 pupils becoming eligible from September 2011. Costs for 2010-11 are expected to be in the region of **£4.5 - £5 million**. Full year costs, when the extension is fully implemented, are estimated to be around **£13.2 million** (not taking into account any inflationary changes). This figure includes baseline costs of £3 million.

In addition to these costs, which are for the provision of the meals themselves, funding is also required to protect school budgets as a direct result of the extension. The aggregated schools budget requires an additional **£20.3 million** full year costs to ensure the revised criterion does not impact adversely on the core funding for all schools.

Position in Scotland, England and Wales

Scotland extended their criteria last year to include “parents in both primary and post-primary schools in receipt of both the maximum child tax credit and maximum working tax credit with an income under £6,420”. Although both primary and post-primary pupils are included the income threshold is significantly lower than here. DE felt that it was more beneficial to target the youngest children as this would achieve the greatest impact. In addition, early intervention has more impact in encouraging healthy eating habits which are more likely to be carried on independently at post-primary level.

The former Labour Government announced in its pre-budget statement in December 2009 that it would be extending the current free school meals eligibility criteria in **England** to include primary school pupils in working families with a household income below £16,190. In June 2010 the new Coalition Government decided that it would not be proceeding with the proposal to extend the free school meals criteria in light of the overall public expenditure position.

The **Welsh Assembly** has no plans to change their existing criteria which do not include the working tax credit criterion.

APPENDIX 5

~~2010-11 ELB RAP ALLOCATION – see separate attachments for covering letters from John McGrath to Chief Executives of each of the 5 ELBs~~

ELB EARMARKED BUDGETS

Approximately 75% of earmarked budgets have now been allocated. Key budget areas remaining to be allocated include:

Teacher Redundancy;
Numeracy and Literacy,
Free School Meals;
SEN Capacity Building;
School Improvement, Entitlement Framework;
Pre-School Funding; and
PFI/PPP Payments

It is anticipated that the majority of these budgets will be allocated during the period September to November following either assessment of plans or confirmation of data which will allow allocations to take place.

In relation to Numeracy and Literacy – approximately 40% (£2.1 million) of this budget has been allocated. The balance of this budget (£3.3 million) will be allocated following agreement of delivery plans which are currently being reviewed in conjunction with ELBs. The target for completion and allocation is the end of September.

MAJOR AND MINOR WORKS BUDGET FOR SCHOOLS

In relation to capital the baseline position across each of the budget years was set to zero and so bids made cover the full amount needed.

The Department has sought capital funding of £203.6/£273.7/£319.2/£308.3 million across the Budget 2010 period. These proposals include £60/£65/£70/£75 million for minor works. The final balance between minor and major works will have to be determined once the final budget position is known. In a reducing budget it may be necessary to dedicate a large percentage to maintaining the fabric of the estate.

The capital budget includes an element to cover resource consequentials resulting from the need for new equipment and school furniture following completion of new builds

Flowing from the Gateway review of the BELB Strategic Partnership the Department in conjunction with the Board will be conducting a benchmarking review of the SPA approach against other procurement methods.

MIDDLETOWN CENTRE FOR AUTISM

Two of the four planned services at Middletown Centre for Autism commenced during 2007 as part of a phased introduction of the services. The remaining two services, learning support and educational assessment, will begin on completion of the major capital building and refurbishment programme at Middletown for which planning permission was received in March 2009.

Minister Batt O’Keeffe wrote to Minister Catriona Ruane in April 2009 stating that in the current economic climate DES had to thoroughly review all educational projects and programmes, and given the competing demands elsewhere in the sector, has meant DES had to prioritise certain areas of expenditure, in particular services to children with special educational needs.

This decision meant a pause in DES funding of the capital programme resulting in a delay in the development of the latter two services.

The Irish Government announced on 9 December 2009 that their pause on additional capital funding for Middletown had been lifted and wished the two Education Departments to develop a “multi-annual plan for the future development of the Centre” enabling “interim capital works” to be started as soon as possible.

The development of the multi-annual plan has to have regard to the outcome of the ongoing review of services by DES. Officials from DE and DES have discussed the way forward on several occasions and it is expected that DES will soon be in a position to advise on the timescale for completion of their review.

Meanwhile the placing of the OJEU notice for the main capital project has to continue to be put on hold. Current projections allow for the main capital

works to commence later in this financial year but the bulk of costs will fall within year 2011/12.

The only interim capital works taken forward have been essential health and safety and site security works.

Funding for the capital works and for the running costs of the Middletown Centre is provided on a 50:50 basis by the Department of Education and the Department of Education and Skills in the south.