



Northern Ireland  
Assembly

---

**COMMITTEE  
FOR EDUCATION**

---

**OFFICIAL REPORT**  
(Hansard)

---

**Departmental Briefing**

25 May 2011

**NORTHERN IRELAND ASSEMBLY**

---

**COMMITTEE  
FOR EDUCATION**

---

Departmental Briefing

---

25 May 2011

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

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

**Witness:**

Mr John McGrath ) Department of Education

**The Chairperson:**

We are, as always, delighted to see you, John. Please make some introductory comments, after which we will proceed to members' questions. You are very welcome.

**Mr John McGrath (Department of Education):**

Thank you, Chair. I propose to make some introductory remarks on the brief to the Committee, and I will then be happy to take any questions or queries. At the outset of a new mandate, I am very glad for the opportunity to address the Committee on the work and responsibilities of the Department. I am conscious that there are a number of new members of the Committee. As you

know, the new Minister is keen to build up a constructive working relationship with the Committee, reflective of the distinct but complementary roles of the Committee and the Minister and of the shared commitment to the education system and to the children whom we all aim to serve. Departmental officials will endeavour to continue to support and inform the Committee in its work under the direction and control of the Minister.

By way of background, the education resource budget of £2 billion is the second biggest element of the block grant. Responsibilities range from early years and preschool to the main schools budget and the youth sector. Approximately two thirds of the resource budget goes directly to schools under the local management of schools (LMS) system in which schools have discretion to spend that funding how they please. The funds are distributed in line with the common funding formula, which was introduced a number of years ago.

The education system covers more than 1,200 schools and has more than 40,000 staff. The schools estate has an asset value of more than £4.5 billion, and a backlog maintenance bill of £300 million exists already. The Department is one of the smallest in the Northern Ireland Civil Service with 600 staff, most of whom are located in Rathgael House, but with 120 or so in Waterside House in Derry dealing with teachers' pay and pensions.

I would like to flag up three issues at helicopter level, the first of which is the challenging Budget 2010 settlement, and I suspect that we will come back to that in some detail. That settlement presents challenges to resource and capital. During the next four-year period, the Minister will endeavour to maximise resources for education. However, as things stand, we need to find cumulative savings of £300 million by 2014-15. The details of current proposals are contained in the savings plan, which was forwarded to the Committee as part of the brief. The broader distribution of resources over the period is also set out in the forwarded material. In a sense, Chairman, that reflects the Department's spending proposal as it sits.

With a significant reduction in the aggregate schools budget predicated by year 4, the settlement sets particular challenges for schools. We face a disappointing capital settlement, the outcome of which, for comparison purposes, gives us some £738 million less than the investment strategy (ISNI II) predicated at the time. That poses major difficulties not only in trying to renew

the estate, but in supporting a rationalisation of that estate, which is now more likely to be stimulated to ensure financial and educational ability for schools in the future. Again, Chairman, I suspect that we will come back to that issue.

Secondly, we need to raise standards and remove the barriers to learning that inhibit children's life chances. In recent years, the Department has focused its work more and more on the key issue of raising standards and closing the gap between those who perform best and those who perform worst. Our system continues to perform well at the top level. However, in international terms, we are slipping down the league.

We regard the achievement of at least five good GCSEs at grades A to C, including English and maths, as young people's basic ticket to go on to further study or enter the workforce. It is depressing that, currently, more than 40% of children fail to leave the education system with that basic educational achievement. That is, therefore, the focus of most of our policies, which are joined together with the aim of raising standards and have Every School a Good School at their core. The current framework of policies, which was inherited by the Minister from his predecessor, is, essentially, targeted at raising standards; closing the gap between the highest and lowest performers; helping us to invest in the workforce, because all the evidence suggests that the quality of learning is dictated by the quality of teaching; investment in the infrastructure, such as technical equipment and the estate; and transforming the management of the education system.

Finally, I do not propose to go into detail on the review of public administration (RPA) package. However, I want to flag up that the continued uncertainty about the arrangements for administration of the education system poses a significant number of pressures, such as the impact on vacancy control and staff morale across the system. That poses serious implications for the continued delivery of safe and effective services. In coming years, the Department will take a focused risk-management approach to that issue until there is some resolution of the management of the overall education system.

With that, I will rest on my laurels.

**The Chairperson:**

Thank you, John. I ask Members to indicate if they want to ask questions, and the Committee Clerk will take a note.

John, this is the Committee's first opportunity to hear an overview. I want to express a word of thanks for your briefing paper, which provides such an overview. You mentioned that the paper contains what is, effectively, a spending plan. Will you guide us to where that appears in your paper?

Correct me if I am wrong, but we have a savings delivery plan that is based on figures and papers from the previous mandate. What are the Department's spending proposals for the next four years?

**Mr McGrath:**

The paper at annex B, which is entitled "Education budget distribution 2011-15", shows the opening position for the mandate that the new Minister has inherited and the proposals that the previous Minister signed off for the distribution of resources over the four-year period, across the different headings against which the education budget is broken up. Clearly, anything that I say today is without prejudice to the scope for the new Minister to revisit the issue, to look for flexibility in that and to secure additional resources over the next three years. However, this is our current position for the distribution of resources, until it is not.

**The Chairperson:**

I appreciate that, and I was coming to that point. Are we saying that the Department is still looking at the particular pressures? I know that there are particular pressures in years 2, 3 and 4, but, as we go into this financial year, is the Department content that the boards and the relevant employing authorities have the wherewithal to at least keep the service delivery at the current level before we start to see the impact of the reduction in the number of staff either in board areas, in respect of governance, or in respect of teachers in schools?

**Mr McGrath:**

There is a predication in the savings delivery plan that we have to find £100 million of savings

this year. We always knew that the savings impact was front-loaded, and one of the factors that led to the proposals to reclassify capital in the first year was to try to mitigate that to some extent. Therefore, we have to find £100 million in year 1, which means that there will be an impact, as you cannot simply take £100 million out of the system.

The column of figures in the savings plan for 2011-12 indicates where money is coming out. The previous Minister's strategy — and I suspect it is also the current Minister's strategy — is to start as far away from the classroom as possible and to take money out of the schools budget only when there is no other choice. We issued allocations to boards and other non-departmental public bodies predicated around each body finding its share of the appropriate savings in that column and indicating the Minister's and the Department's expectation that savings would not come from anywhere else. In the school budgets for 2011-12, we have reflected the reduction of £26.5 million at the bottom line. Undoubtedly, that will cause some pressures. Money cannot be taken out of the system without causing pressures.

We are waiting for the boards to finalise their budgets and resource allocation plans. However, it would not be misleading the Committee to say that that is posing some difficulties. Those plans will work their way through, but schools tend not to be that focused on the next financial year until the beginning of the next school year. However, it will have some implications for a number of schools and the extent to which they can manage as they are. They will have to look at redundancies at each school in terms of the LMS. There are a number of schools, which, even with a neutral budget, would have been facing financial challenges next year, and members might be aware of some of those schools. Clearly, therefore, the availability of, and access to, surpluses that a number of schools have built up could be a factor in how they come into sharper relief in respect of how they manage a shrinking overall budget.

**The Chairperson:**

In the previous mandate, the now Minister accused me of having “the Mervyn half hour”, so I will try to resist doing that. However, when we get into these things, one thing always leads to something else.

A point was made during the discussion yesterday, and maybe David will want to expand on it.

The Department's statutory responsibility is to execute policy for the provision of the education service. We have delegated money to the boards. They are currently looking at the resource allocation plans and will have an overview of the schools that are finding particular difficulties in meeting their statutory requirements. I do not wish to overplay this or to be too dramatic, but, given that 80% of the budget is made up of staffing costs, are the boards telling the Department that there is a crisis in the scale of the problem that exists? I and other Committee members have been contacted by a variety of schools. They have told us that they will need to make two or three teachers redundant this year and that the number of redundancies will rise in years two and three, in some cases into double figures.

We have identified the aggregated schools budget as a particular problem. What help and assistance will be made available to mitigate that? Does that tally with the new Minister's thinking on how to re-profile, reallocate and redistribute resources in such a way as to lessen those particular challenges?

**Mr McGrath:**

First, as I said, it is still early days for the new Minister. There are pieces of intelligence in the system showing that some schools are beginning to realise that they face difficulties, and I suspect that that is not too dissimilar to the information that some Committee members will have received. I am unsure about the extent to which those schools have extrapolated that over four years, but that would be desirable.

I cannot speak on behalf of the Minister about any flexing or changes to the budget that he might have in mind. However, our funding in this financial year is likely to be what we end up with, because there is unlikely to be any relief from the centre. The savings plan is predicated on minimising, as far as possible, the impact on the schools budget and that is already mitigated by a reclassification of resources from capital to revenue of £25 million this year: that figure would have been £50 million. There is very little room to manoeuvre on the figures.

**The Chairperson:**

When will the Committee and, more importantly, the Department, have sight of the boards' resource allocation plans?

**Mr McGrath:**

They are due this week.

**The Chairperson:**

So, would you expect to have some sense of it by next week?

**Mr McGrath:**

I hope so. The plans cause difficulties to the boards; and the range of efficiencies, such as the £15 million we are removing from the administration budget, will mean job losses. A number of the other areas, such as procurement and transport, also require measures to be put in place. It is a big challenge for all the players including the boards, and I do not underestimate that. I do not think that the education system and other parts of the public service here have faced the type of scenario that they face this year.

**Mr McKay:**

Obviously, there are a number of overarching budgetary difficulties. I thank you for the comprehensive document that you provided to the Committee. It has been very useful for those of us who are new Committee members. I looked through the members' pack, and I am aware that the procurement service has a number of aims and objectives to meet, and that a procurement modernisation directorate has been set up to deal with that issue. Will you give the Committee some idea of the aims of objectives over the next four-year period and the challenges you will face?

**Mr McGrath:**

First, I will pick up on what is in the document. As the Chair said, 80% of the costs are on staffing, and when we examined other possible savings we looked at what could be taken out of the remaining 20%. That is essentially made up of spending on goods, services, heating, lighting, power and equipment, and the saving in those areas is predicated on an expected level of either reduced or smarter procurement.

Our current arrangements in the education system with the wider procurement process are not



the most satisfactory. The education boards were recognised previously as a collective centre of procurement expertise — COPE for short — in goods and services. However, that accreditation was not renewed recently, pending the establishment of the education and skills authority (ESA), which would have done that. The system does not have COPE accreditation for infrastructure. So, the previous Minister and the Department set an objective to introduce satisfactory COPE arrangements for the education sector, ideally by next April. That would enable us to fit within the public procurement policy of the Executive as a whole, which is that all procurement must be done through a COPE, and it would allow us to address lots of issues with the COPE that have arisen from Northern Ireland Water etc about what accreditation to COPE status means.

That will enable us to get more collaborative, smarter procurement across the education service as a whole. We are not fully convinced that we have the economies of scale by buying through various single and particular goods and services. That is an area that we will be exploring. We have been doing a lot of work on procurement in general, which flows from the two inquiries that Caitríona Ruane set in train, and on a number of health check reviews in the boards. So, we are basically looking to professionalise, enhance and modernise the procurement capability for the education sector as a whole. We will get measures in place and then sweat what we have spent on procurement to try to get more bang for the buck.

**Mr McKay:**

I have one more question to ask. Obviously, the entitlement framework aims to get 24 Key Stage 4 subjects and 27 subjects post-16 and to fully implement them by September 2013. Where does that sit at this moment, and is it still on target to be implemented by that stage?

**Mr McGrath:**

That was, and remains, the objective. Progress across the system towards the entitlement framework has probably not been as quick in some areas as we wanted, and it varies across different sectors.

**Mr McKay:**

What is the reason for that?

**Mr McGrath:**

The perception may be that some people do not think that it will happen, and they therefore ask why they should get themselves geared up for it. Our view is that, in the wider economic context of raising the level of skills and the achievements of kids who are leaving schools so that they can enter the workforce, a wider, more diverse, but richer curriculum is fundamental to broadening the choice for children, to ensure that they get taught in significantly viable classes, to enthuse them more because they are doing what they want to do, and to raise the overall level of outcomes.

Whether that will precisely happen with 24 or 27 subjects will be one of the issues that I think the Minister will want to look at. There will be a challenge as to whether financial pressures will enable a number of schools to still deliver the entitlement framework. I say that because I have been at gatherings of post-primary principals, some of whom say, "Do I do the entitlement framework or do I balance my books?" The answer is that, whatever they do, they must balance their books. It is not a choice.

You made the point, Chair, that the boards and the Department are funding authorities for schools in general. We will be monitoring schools' budgets in a much more vigorous way this year to ensure that the financial pressures mean that there is not a lurch into deficits. That situation would simply not be sustainable, and there will be more robust oversight of it. A number of schools have been very prudent over the years. If things get tight, there may be a tendency for some to say that it may be appropriate to run a deficit for a couple of years. The problem is that, with the numbers that we have, if somebody goes into deficit now, it is very difficult to see how they could come out of it.

**The Chairperson:**

To expand slightly on that point, part of the reason why we are in this crisis with the entitlement framework is because the Department decided to take a considerable amount of money out of its budget. If you look at the report on the entitlement framework, you will see that there is collaboration in cases where there are less than 10 pupils in classes.

We talk about economies of scale in relation to procurement when it comes to buying a certain number of desks and books and so on. However, on the other hand, when it comes to the

entitlement framework, you cannot allow classes to have three or four pupils in them and expect that to give us a very good return and outcome.

**Mr McGrath:**

I agree entirely. That is why I tried to make the point that the issue is not just number counting; it is the quality, diversity and richness of teaching. Having small classes in sixth form does not meet that requirement. You are absolutely right.

**The Chairperson:**

Requests come in from the Department for imaginative ideas. I declare an interest as a member of the board of governors of Ballymoney High School. There has been a request for a collaborative sixth form, including all sectors in the town of Ballymoney, yet the Department has said no. That does not give confidence to the system that there is a willingness on the part of the Department to find or support imaginative ways of delivering the entitlement framework. Three schools have come together and said that a collaborative sixth form would help to meet the requirements of the entitlement framework and would tick all of the boxes, but the Department has said no.

**Mr McGrath:**

I am not sighted on that, so I will not comment on the detail.

**The Chairperson:**

The Department has said no.

**Mr McGrath:**

We are interested in proposals that have viability, quality and sufficient scale. One of the issues in the future will be the sheer scale of sixth forms. In many cases, we cannot afford small sixth forms or even collaborative arrangements that hit the numbers but have kids being taught in small classes or spending most of their time being bussed from class to class. That is a Heath Robinson approach to the sixth form.

**Mr McDevitt:**

Thank you, John. As you said, this will all be defined by the settlement, and I heard what you said about the Minister still having to give you clear steer as to whether he is satisfied with the settlement.

**Mr McGrath:**

I do not think that he is satisfied with the settlement.

**Mr McDevitt:**

He has not made it clear whether he will be in a political position to renegotiate the settlement.

Looking at the savings delivery plan as it stands before us, am I right in saying that there will be £20 million less for home-to-school transport by the end of the comprehensive spending review (CSR) period and £60 million less for ICT in schools?

**Mr McGrath:**

Home-to-school transport has a recurring budget; there will be £5 million less spent a year.

**Mr McDevitt:**

So, you will take £20 million out of it.

**Mr McGrath:**

You can accumulate the figures, but that is not the convention when calculating revenue savings.

**Mr McDevitt:**

So, how many places does that equate to?

**Mr McGrath:**

Home-to-school transport is about getting more efficiency from the £70 million spend; it is not about taking places out.

**Mr McDevitt:**

So, you are saying to me that in 2014 we will be able to transport to and from school the same number of children that we do today.

**Mr McGrath:**

That is the intention.

**Mr McDevitt:**

With a cumulative saving of £20 million.

**Mr McGrath:**

With £5 million a year out of £70 million, or £20 million out of £280 million. We spend £70 million a year, nearly half of which goes on a contract with Translink. The other half goes on the boards' own systems. Again, we think that there is scope for a more professional approach, which boards continue to strive for. We are about to engage with Translink on the contribution that it can make to that.

Clearly, that is challenging. The Minister and his predecessor have made it clear that spending £70 million on moving kids around is something that may need to be looked at in the long term. The new Minister made that point. It is a big issue.

**Mr McDevitt:**

I presume that the promotion of STEM subjects remains a priority for the Department. Cumulatively, £60 million will be taken out of ICT in schools. How will we be able to do that without impacting on pupils' experience of, or access to, ICT?

**Mr McGrath:**

ICT in schools is largely run through the C2k programme. Savings there are predicated on better procurement for some contracts that are coming up, in a market that is depressed, and on getting a better deal. That does not necessarily mean buying any less but rather using market intelligence to strike a hard deal. That is where the bulk of those savings will be made. The remainder will come from slimming down the staffing in C2k. We are about to embark on a review of that. We

have a sense that more staff are involved in that than are required.

In the medium term, we will be looking at whether the current approach to ICT in schools is the right approach for the future, particularly on use of the Web, etc. Given the scale of technology change and the use of the Internet, we need to work out whether we are future-proofing. We are reasonably sure that we will achieve those savings without any significant reduction in quality of or access to technology.

**Mr McDevitt:**

In 2011-12, you are taking £12 million out of a total savings plan of £100 million, which is 12%. That is a big chunk out of one programme.

**Mr McGrath:**

It is a big chunk, but —

**Mr McDevitt:**

That says one of two things: either that the programme has been grossly mismanaged and that there is a serious issue with how ICT is being rolled out in schools today or that the programme is falling down the priority list.

**Mr McGrath:**

No. Where we got to with C2k was well ahead of a lot of other education systems. Clearly, in stringent times, we have to work out what separates the essentials from the desirables when it comes to making advancements. The decision taken was not to leave an area like that utterly sacrosanct and ask it to make a contribution, but we are reasonably satisfied — we can come back to this again in detail — that the bulk of the programme can be achieved simply through smarter procurement in the market for some contracts that are coming up over the next year or so and through making savings. We are going to take a fundamental look at a model that has been in existence for a number of years. Perhaps it is about time that a challenging, testing look be taken at whether the staffing and infrastructure model that is fit for the future.

**Mr McDevitt:**

I would like to understand better what professional support services for schools encompass. What are professional support services?

**Mr McGrath:**

Each of the education boards has a curriculum advisory service, which consists of education professionals who provide support for schools on literacy, numeracy and the introduction of the new curriculum. There are niche experts for Irish-medium education, for literacy and numeracy and for languages. The service varies across boards. The Council for Catholic Maintained Schools (CCMS) provides a range of such services for school improvement. The Council for the Curriculum, Examinations and Assessment (CCEA) provides some services as well. In looking to the future, we think that we can run a leaner regional service by taking out those savings, which would still enable schools to get the help, support and challenge that they need. We can bring the detail back to the Committee.

**Mr McDevitt:**

That is great. I just note that, in rounding up or rounding down the roughly £800 million of savings identified during the CSR period, you are getting £105 million of savings from reduction in professional support services for schools. That is a hell of a lot of duplication.

**Mr McGrath:**

Sorry?

**Mr McDevitt:**

You cited duplication as one of the potential areas in which efficiencies can be achieved. You said that a number of the different governing bodies were doing similar types of work. Did I not hear you say that?

**Mr McGrath:**

The service varies, and we think that, to raise standards, which I emphasised in my opening remarks, we should be running a fairly uniform, consistent type of service across the whole system, rather than having the degree of service you get depend on the board area in which you

are. There are also different reflections from different schools on how much they have use of or access to some of the services. A number of schools say that they look after themselves. It is a matter of ensuring that the resource is made available to the schools that need the most, and that may be the schools that are either failing or are struggling to meet the curriculum.

It is difficult. For example, take out £300 million recurring in year four from a budget that, at the moment, is around £1.9 billion. That is one in six. That amount of money cannot be taken out without giving up some things, making them leaner or saying that we will make do. To balance in the first year, as much as possible must be taken from elsewhere but the schoolroom, but, as we go ahead, the plan indicates that we will have exhausted all those areas as we get to year four, and efficiencies will increasingly have to be found in the school budget.

**The Chairperson:**

You will come back with an expanded paper on that issue, John?

**Mr McGrath:**

We would be quite happy to, Chair, perhaps as a supplement to a session on the Budget.

**The Chairperson:**

That would be useful. The issue of duplication will be important, particularly when looking at RPA. I am not asking you to comment because I want to move on to Trevor, who has a time constraint, but, if you have a situation where CCEA, CCMS and whoever are all doing the same thing, there is a serious issue of duplication. It might be useful to come back to that at some stage.

**Mr McGrath:**

Yes.

**Mr Lunn:**

Thank you, Chairman. First of all, I hope that this room is not our permanent home because I do not think that I am the only one who is having difficulty hearing in here, and I never had any difficulty hearing John in four years.



**The Chairperson:**

I had difficulty understanding him, never mind hearing him.

**Mr Lunn:**

This room is lovely, but it is an acoustic disaster, as we all know, so I hope that we can find a more permanent home.

There is no mention of ESA in the savings delivery plan figures, except for the implementation team. Has the potential effect of ESA been completely discounted in formulating those figures or is it still an option? Is there anything in there that relates to potential savings through ESA?

**Mr McGrath:**

No. The savings in management and administration that we have put in reflect what would have been coming out under ESA and go beyond that. The Budget has overtaken the plan of a couple of years ago of the savings that ESA would have made. The budgetary requirement has taken us further now. We are taking £15 million out of management and administration, which will take us probably beyond the level that ESA would have made. The difficulty is that we are still trying to run a slimmed down administration system across eight or nine organisations, rather than applying it across one, which means that the system will get stretched.

**Mr Lunn:**

There is a bit of discussion around ESA at the moment, and the feeling might be that it could be brought back in some form or other. Do you think that that would reflect on these figures and make the savings easier to achieve, or is it already in there?

**Mr McGrath:**

I think that it would make it easier to deal with the consequences of the savings: £15 million will take a number of people out of boards and CCMS or whatever. Trying to run eight or nine organisations with that cohort is going to pose a challenge. If we move to the fact that we have only one organisation, it is easier to use that.

**Mr Lunn:**

Do these figures assume the continued existence of all those bodies?

**Mr McGrath:**

Sorry, Trevor?

**Mr Lunn:**

That is the problem.

Do these figures in front of us assume the continuation of the nine bodies referred to?

**Mr McGrath:**

The nine bodies are here now, and we are saying that we are taking that amount of money out of management and administration. However, that target almost goes further. I remind members that we ran a voluntary severance programme at the end of the last financial year, and, therefore, we had, in full-year effect, achieved about £9 million of those savings already as we entered the new financial year.

**The Chairperson:**

I suppose that £15 million for administration and management costs is based on the existing organisations scaling down on meeting those savings. However, if those organisations were to be abolished, you would assume that you might meet the other £5 million added to that, which was the total savings projected in relation to ESA.

**Mr McGrath:**

Yes, but we have taken money out before we got to this year. I think that we will be at the level where we have taken more out than ESA. You will recall that the business case envisaged about 460 posts coming out. By the time all this is finished, there will be more than that. As the boards have said, the difficulty is taking that amount of money out and continuing to try to run nine organisations. However, if we did not have a challenging figure for management and administration and there was a higher hit on the school budgets, I suspect that critics or

commentators would ask why we did not take more out of management and administration.

**The Chairperson:**

Trevor, with regard to your point about acoustics and this being our permanent home, we will come back with a suggestion. I think that there is a difficulty with using Room 21 on Wednesday afternoons. We will check which rooms are available, and we will bring that back to the Committee so that we can find a permanent home.

David wanted to ask a supplementary question.

**Mr McNarry:**

Thank you. I do not want to get involved in anything around housekeeping, but this room is very fine. It is airy and has always been appropriate. It is very comfortable. I do not like the stuffiness of those Committee rooms. I suggest that the acoustics and the sound be improved, and that would crack it, quite honestly.

John, you made a remark about smarter procurement measures. What was the term that you used?

**Mr McGrath:**

Do you mean "COPE"?

**Mr McNarry:**

No. In an answer to Conall, you used the term "smarter procurement measures".

**Mr McGrath:**

"Methods". One big issue in procurement is about professionalising the whole process, aggregating it up as much as possible and getting skilled procurement professionals in. We do not see that in the pattern of procurement that we currently have. It is spread over eight or nine organisations, and the number of professionals trained in procurement is actually quite small.

**Mr McNarry:**

I will look back to see what you said.

When did it strike the Department that it needed to get smarter?

**Mr McGrath:**

Several years ago. The ESA, when established, was to have COPE status. It was to be the professional procurement organisation because it was to be the single managing organisation.

**Mr McNarry:**

How much money was wasted in those several years?

**Mr McGrath:**

It is hard to tell, because, until you professionalise it, you do not know what you would have had.

**Mr McNarry:**

Something must have struck you to professionalise it and get smarter. When did it actually strike you that you needed to do that? You said that it was several years ago, and I am asking how much money has been wasted.

**Mr McGrath:**

I do not know. First, with COPE accreditation, the arrangements that were evident to the education service meant that the boards collectively had accreditation for goods and services. However, that was not renewed in anticipation of the creation of the ESA, and there is no accreditation for infrastructure. That alone is worrying, considering the issues that have arisen around Northern Ireland Water and procurement in general. The issue is not only about value for money —

**Mr McNarry:**

I just want to talk about education; I am not talking about Northern Ireland Water or anything else. I appreciate and welcome the fact that somebody down the line said, “Hang on, we need to get smart.” It seems appropriate that people in an education department would get smart. I am

trying to find out what the problem was. You said it was identified several years ago, yet you are getting down to it only now, and that you really do not know until you get professional advice. All I want to find out about is those gaps.

**Mr McGrath:**

Like a lot of the issues in the education service, the governance model that we have is 38 years old.

**Mr McNarry:**

Are you saying that it is no good?

**Mr McGrath:**

I am saying that it was taken from previous times. We have five boards that, in many cases, do things in different ways, almost for individuality. Procurement has been significantly professionalised across the public service in the past 10 or 12 years, since the public procurement policy came in. If you look at other sectors, you will see that education is lagging way behind. The model that we would have had with the ESA would have created a single, integrated procurement focus. As long as we keep five organisations that, in some cases, need to be persuaded to do something in a collective way, we do not have the basics, in our view, for a modern procurement system that demonstratively delivers value for money and meets the rising standards of procurement strategy and professionalism that the Executive expect.

**Mr McNarry:**

I do not want to give you more rope to hang yourself with, but I appreciate that you are being specifically honest with me. Chairman, I am sure that we will come back to that. The admissions that have just been made by the deputy are quite extraordinary.

**Miss M McIlveen:**

Thank you, John. Members' packs contain a letter from the previous Minister that is dated 24 March. It mentions the movement of functions relating to child-minding and day-care provision from the Department back to DHSSPS. The Committee was quite involved in the nought-to-six strategy.

I was wondering whether any finance follows those functions that go back to health and what impact that would have on the strategy.

**Mr McGrath:**

I am not involved in that side of it — I will come back to that. However, I think that, if the functions are to move, some funding will transfer with them. The basic principle is in the system: if you move functions, you move the spend that goes with them.

**Miss M McIlveen:**

However, at this stage, you do not have the detail of that.

**Mr McGrath:**

I would be very happy to get it.

**Miss M McIlveen:**

Would you also be able to provide the Committee with an update on the nought-to-six strategy?

**Mr McGrath:**

We can, but that is subject to the strategy being one of the issues that the new Minister wants to look at when deciding on his next steps in light of the state of play that he inherited. It will also depend on the extent to which we are able to add that in quickly or whether it is still in abeyance when we bring you back something. There is much yet to be determined.

**Miss M McIlveen:**

Would it be possible, at some stage in the near future, to furnish the Committee with a list of strategies being worked on, any reviews that the Department is involved in and the timescales for those?

**Mr McGrath:**

Yes. Again, however, that is subject to the Minister's view. I do not mean that the information is subject to the Minister's view. However, we might say that we propose to finalise the early years

strategy by September or October, but the Minister might decide that that is too early or too late and want to change the timescale.

**Miss M McIlveen:**

Would it be possible, at your earliest convenience, to provide a list, not specifically in relation to the nought-to-six strategy, but a more general list, of the reviews that you are looking at and the strategies that are on course?

**Mr McGrath:**

Yes, we can do that, and we can tell you what the plan is at the moment.

**Miss M McIlveen:**

Thank you.

**Mr McGrath:**

I take it, Chair, that the Committee Clerk will write to me formalising those requests.

**The Chairperson:**

Yes, you will have a note of them, John.

I will conclude by asking one question, which we will include in that note. Where are we with the work that was undertaken by the performance and efficiency delivery unit (PEDU)? You will be aware of the work that was commenced during the previous mandate and that there was considerable slippage from the timescale that had been envisaged. Will those figures, or the suggestions and ideas that resulted from the work of PEDU, be fed in and reflected in the figures in front of us today, or in any revised figures that we may see over the next few weeks?

**Mr McGrath:**

PEDU is at the second stage of its work, which is the detailed drilling down into transport and catering. The team is working with the five boards on the ground. When we receive some detail of that work, that will form the final report to the two respective Ministers. Clearly, we will want to factor in whatever comes out of that into whether we can find further savings than those

predicated here or whether we can find different areas of savings. It is another resource. As I said to Conall, the work being done on the transport side will bring in another contribution. That work involves strong collaboration between the Department, the PEDU team and board staff, particularly on the transport and catering side. We expect to have the final report in due course.

The Department will be looking at taking forward any questions or issues arising from the other areas identified in the stage 1 report. All of those will be pursued one way or the other.

**The Chairperson:**

Finally, has the Minister been able to identify, along with the Department, what the priorities may be in the June monitoring round? I assume that few Ministers will surrender any reduced requirements and that it is more likely that pressures will be identified. Have you any indication at this time as to what will be identified as a particular pressure so that a bid may be made? We made bids in the past — not on early years, but for after-school activities — and additional money was allocated. Is there any thinking on that at the moment?

**Mr McGrath:**

First of all, that has not gone forward to the Minister yet. However, the signals from the Department of Finance and Personnel (DFP) are that, in general, there would be little scope for bids, because it is the start of a very tight financial year and it is difficult to envisage who would have reduced requirements. There are some Barnett consequentials from the Budget that need to be read across, so I think that we will have “June monitoring lite”. However, the successor to the end-year flexibility (EYF) arrangements — without going into detail about it, because it has not yet been signed off — is likely to be one of the most solid elements of the June monitoring process.

**The Chairperson:**

John, will we soon have a defined position from the Treasury on the replacement for EYF? That was obviously a huge issue for many schools, because they were potentially going to lose their surpluses. As I understand it, the agreement prior to the end of the previous mandate was that, in layman’s terms, a Northern Ireland version of EYF would be put in place between DFP and the Department of Education and that that version would come from the Treasury’s rules for a new



scheme. Rather than putting you in a position where you have to give a definitive position on that, we will ask for an update on those two issues in the note from the Clerk to the Department.

**Mr McGrath:**

I can say something about it now. After the run on the bank — as it was put earlier this year — it was agreed that there was an outstanding Executive commitment to enable schools to access their surpluses, and the former Minister and the Minister of Finance and Personnel agreed that measures should be put in place to ensure that the Executive could continue to deliver that. So, the arrangements that we have been working on with DFP officials, and which will go to the Executive, are designed to ensure that that happens. My perception is that that issue is essentially within the block and is not dependent on subsequent arrangements with the Treasury. However, I know that DFP will be talking to the Treasury about the successor to EYF for the block as a whole.

My understanding from the discussions that we have been involved in to date is that the successor arrangements for schools are not dependent on the Treasury arrangements and are within the block. That should be going to the Executive as part of June monitoring. So, Chair, even if you were not requesting that, you would see it as part of the June monitoring information that we will bring to you.

**The Chairperson:**

OK. Thank you, John. There are no other questions. Thank you very much for your time this morning; it is much appreciated. We look forward to working with you and your colleagues. You will probably be back here next week with the Minister and the permanent secretary.