

**STATES OF JERSEY**  
**Corporate Services Panel**  
**Comprehensive Spending Review: 2012-2013**  
**and Delivery**

**WEDNESDAY, 11th MAY 2011**

**Panel:**

Senator S.C. Ferguson (Chairman)  
Senator J.L. Perchard  
Deputy J.A.N. Le Fondré of St. Lawrence  
Deputy D.J. De Sousa of St. Helier  
Mr. N. McLocklin (Panel Adviser)

**Witnesses:**

Deputy J.G. Reed of St. Ouen (The Minister for Education, Sport and Culture  
Deputy A.T. Dupre of St. Clement (Assistant Minister for Education, Sport and Culture)  
Director, Education, Sport and Culture  
Finance Director, Education, Sport and Culture.  
Business Change Manager, Education, Sport and Culture

**Also Present:**

Ms. K. Boydens (Scrutiny Officer)

[13:49]

**Senator S.C. Ferguson (Chairman):**

Good afternoon, ladies and gentlemen. Welcome to this hearing of the Corporate Services Scrutiny Panel regarding the Comprehensive Spending Review 2012 and Delivery. First of all, can I draw your attention to the health warning, so if everybody could make sure they have read it, and if you could please give your names for the benefit of the ladies who will be doing the transcriptions.

**Business Change Manager, Education, Sport and Culture:**

Yes. I am the Business Change Manager for the Department for Education, Sport and Culture.

**Finance Director, Education, Sport and Culture:**

I am the Finance Director.

**Deputy J.G. Reed of St. Ouen (The Minister for Education, Sport and Culture):**

I am James Reed, Minister for Education, Sport and Culture.

**Director, Education, Sport and Culture:**

Director of Education, Sport and Culture.

**Deputy A.T. Dupre of St. Clement (Assistant Minister for Education, Sport and Culture):**

Anne Dupre, Assistant Minister for Education, Sport and Culture.

**Deputy D.J. De Sousa of St. Helier:**

Deputy Debbie De Sousa.

**Senator J.L. Perchard:**

Senator Jimmy Perchard.

**Deputy J.A.N. Le Fondré of St. Lawrence:**

Deputy John Le Fondré.

**Senator S.C. Ferguson:**

Senator Sarah Ferguson.

**Ms. K. Boydens:**

Kellie Boydens, Scrutiny Officer.

**Mr. N. McLocklin:**

Neil McLocklin, Panel Adviser.

**Senator S.C. Ferguson:**

Yes, I am sorry. I should have introduced Neil who is our Panel Adviser and this motley crew is from the Education Department. Right, what do you understand is the purpose of the C.S.R. (Comprehensive Spending Review)?

**The Minister for Education, Sport and Culture:**

I think, first of all, it is part of an overall plan to deal with the structural deficit that the Island faces and the purpose is to consider the cost of services and determine whether those same services can be provided in a more efficient and effective manner.

**Senator S.C. Ferguson:**

Yes, but it just covers 3 years. Do we presume that the *Green Paper* you are about to publish is going to be your medium to long-term plan?

**The Minister for Education, Sport and Culture:**

When we talk about the CSR timescale, I have already expressed the view that I believe for certain savings an extended timescale may be required and it has been, and still is, a significant challenge for the department as we seek to deliver the target savings as agreed by the States.

The Green paper is a strategic document that invites all Islanders to have their say on the future of Education over the next 20 to 30 years.

**Senator S.C. Ferguson:**

Thank you. How are you going to ensure that your department is going to make genuine savings as per the Auditor General's 2008 report, which I believe you know rather well?

**The Minister for Education, Sport and Culture:**

I do. The work at the department is basically focused on reviewing all areas and encouraging officers and staff to identify where savings could be made, without having a negative impact on essential frontline services. Also, and perhaps as importantly, every effort is being made to reduce or adjust manpower levels where possible, especially at the management level. An accountability framework has been introduced as part of the process, which includes a Programme Board with an external Chief Officer giving challenge, and I have a copy of that programme that I would like to provide to you.

**Senator S.C. Ferguson:**

Super, thank you very much. What service-specific transformation or methodology is being put in place? That is number 11, if you have numbered them. I am sorry; we shall be jumping around.

**The Minister for Education, Sport and Culture:**

Can you just repeat the question and I will focus on it? Thank you.

**Senator S.C. Ferguson:**

What service-specific transformation or methodology is being put in place?

**The Minister for Education, Sport and Culture:**

I think maybe my Chief Officer could start and then I will fill in the gaps.

**Director, Education, Sport and Culture:**

Essentially it is an operational methodology. We have not taken one off the shelf. There are many used by the public service and indeed by private service but what we have done is we have more or less adhered to the key principles of any business change methodology; so Cotter's principles basically around engagement of people, around provision of that side of the service, communication, empowering people to get on with the job, holding them to account and ensuring that there are robust processes in place for programme management and evaluation.

**Senator S.C. Ferguson:**

Have you sat down and said: "Right, this is what we have to do; these are our core services and these are nice to haves"?

**The Minister for Education, Sport and Culture:**

Yes. As part of the overall process and our approach (in fact it was instigated prior to the C.S.R. process) we have been undertaking quite a series of major reviews, looking at all aspects of our department to basically ensure, as I say, that we are delivering services in an effective and cost-effective manner. The approach that we took quite early on in the C.S.R. process was that we did not believe that it was appropriate to just arbitrarily reduce the cost of individual services by 2 per cent, 5 per cent or 4 per cent. We tried to determine where the appropriate savings could be made; again,

specifically trying to avoid an impact on our frontline services. It has to be recognised that my department is responsible for education and approximately 80 per cent of my overall budget is spent in that area. So any savings of the magnitude that has been set require careful management and thought.

**Senator S.C. Ferguson:**

Yes. Have you engaged the frontline staff in analysing how you are delivering services?

**The Minister for Education, Sport and Culture:**

Absolutely, and I think that maybe Keith could answer this question

**Business Change Manager, Education, Sport and Culture:**

Yes. We had a series of workshops going back from last April-May when we were putting forward the 2 per cent, then the 3 and 5 per cent where we would engage with frontline staff looking at what statutory services we deliver and different ways that we could possibly deliver those in the future.

**Deputy D.J. De Sousa:**

Have you found in that review about core services any services that the department are delivering that maybe they should not or that they could do in partnership with somebody else?

**The Minister for Education, Sport and Culture:**

As part of the C.S.R. process that we have all gone through we have identified specific savings that are designed to meet our savings targets. Those have been clearly published and shared with both States Members and the public and they are there for all to see. I am afraid I am unable to point to specific ones at this time because I do not have the list of overall savings in front of me, but there are certain areas that will mean that partnerships will be strengthened and also in certain cases provision will be transferred to a private or third party provider.

**Director, Education, Sport and Culture:**

In terms of the scale of engagement in partnerships, I think the department already has significant partnerships if you think about the way that works with fee-paying education providers. Nursery education is provided in partnership between the private and the public sector and we work, obviously, with a number of non-Government organisations: Heritage Trust and the Jersey Childcare Trust. So there is a significant amount of partnership work and we have looked at and provided for the Minister background material on potential options for other things that could be looked at; not only looking at the positive benefits of them but also of the negative aspects of them; because I think you have to bear in mind that we have had some partnerships (I suppose the obvious example would be around the AquaSplash) where you are looking at passing something on to, for example, the private sector to deliver but the private sector may not be able to deliver the other benefits that, as a Government organisation, we would want to see them deliver because they are not profitable. So you have to take a view as to whether or not you want those things to continue and to whether or not that partnership, or indeed if you pass the whole lot across to the private sector, is going to deliver what you, as a Government, want it to deliver.

**Senator J.L. Perchard:**

Something the Minister said, if I may pick up. The Minister said he did not have the paperwork in front of him but: “to transfer service provision to the private provider.” Does that mean user pays and where in the C.S.R. proposals are you proposing to transfer service provision to the private sector?

**The Minister for Education, Sport and Culture:**

“Private provider” is perhaps a general term that I use because we are aware that we rely on a number of partnerships across the service, as my Chief Officer has already mentioned, and part of the process that we have gone through is to look at where the duplication exists or where the private provider could deliver the service in a more cost-effective manner. That process has been followed and I think the one that springs to mind is Holiday Club but there are other areas. With all of our partners time has been spent in discussion with them and some of it is ongoing. I mean, we are trying to deliver savings over a 3-year period and one of the other challenges, which seems to have been ignored by many with regards to my department and the majority of our budget, is that the education academic year does not fit with the States financial year.

[14:00]

Therefore, we need to be mindful of that and as a result we are almost trying to advance work before decisions are taken with regards to acceptability of some of the savings proposals.

**Director, Education, Sport and Culture:**

Can I just say, from an operational perspective, we are generally talking about savings that can be accrued through the transformation of business and from an educational perspective we failed to find any jurisdiction that can push through major education change, because of the number of stakeholders, in a very short period of time. I mean, if you look to other jurisdictions, for example the U.K. (United Kingdom), if you are looking, for example, at the merger of an organisation or the closure of an organisation, you are usually looking at about a 5-year period. So what you can do in terms of transformation in a 3-year period is very limited. You can start the process but that does not necessarily mean that you can finish it within the period.

**Senator S.C. Ferguson:**

So have you been looking at the economics of user pays in the work you have been doing?

**The Minister for Education, Sport and Culture:**

Absolutely. We have a number of services that are currently supported by a user pays policy and, as an example I will focus on the involvement we have in the provision of sports facilities. There is an acknowledgement that a balance needs to be struck (between the social benefits that you seek to deliver as much as the financial benefits) on the contribution that the user can pay against the contribution that Government should make.

**Senator S.C. Ferguson:**

Carrying on from that, what are the lines of accountability with your department for the delivery of the C.S.R. programme?

**The Minister for Education, Sport and Culture:**

Well, I think we have presented you with a diagram and I think, for those sorts of detailed answers, maybe Keith can explain further...

**Business Change Manager, Education, Sport and Culture:**

You can refer to this diagram here. But in terms of where we are with projects at the moment, we are taking forward these proposals. Each proposal has a project leader, which tends to be the key person within that area of the business. I work with them as the programme manager for the C.S.R. delivery. We meet regularly at a Programme Board and this is the diagram here. I can make more copies available to you if you need them electronically. That Programme Board is supported by the finance team, by the human resource team, by the education team at Schools and Colleges and there is also some support around communications. Within that, the senior management team sits on this Programme Board as well. So it provides the opportunity for an update for each of the proposals but also, when key decisions have to be made about how we take that proposal forward, we then discuss it there and that then gets taken forward to the ministerial team for a decision by the Minister about how that proposal will move forward. So there are very clear lines. It gives the opportunity, I think, for the stakeholders to make their views known and to put their input into these proposals before the Minister gets the full briefing about how it should then be taken forward.

**Director, Education, Sport and Culture:**

A good example, not a specific example but of the way it tracks, at the original workshops (for example we have workshops for primary head teachers, secondary head teachers) we looked at the way the service was being delivered. We asked them to help us look for ways that we could transform the service. We had done the work as a senior management team beforehand and we told them that. So they presented their views. We shared our views. There was a large amount of congruency between the views. Once you determine what requires further exploration somebody would be appointed to explore that and bring back something to see whether it is suitable, feasible and acceptable. Once you determined that something could move forward, we then set up a project leader. The project leader has to produce a full project initiation document setting out all the parameters, all the resources, the outcomes, et cetera. That is then considered by the Programme Board. The Programme Board meets regularly and each project manager is held to account by the Programme Board for the progress and the Board also acts as support if the project manager is encountering some difficulties and needs help to overcome barriers.

**Senator S.C. Ferguson:**

How have you managed with the culture change?

**Director, Education, Sport and Culture:**

There has not been a major culture change in that sense. I think there would have been a major culture change if we had simply said: "Right, we are taking 10 per cent from every part of the business. Go and find it." I think there is a culture, possibly because of the fact that education is fairly delegated (a lot of empowerment out there, schools do a lot of their own management and their own leadership), people are

always willing to engage in anything that sounds like transformation that will lead to a better outcome. I would not say that everybody is totally enamoured by the idea of losing resource but I think they welcome the opportunity to be engaged in determining how that resource is lost and then planning for the future. That is basically the way the operation works.

**The Minister for Education, Sport and Culture:**

Finally, just with regards to the top layer of accountability, ultimately I have been kept fully involved in the proposals. I have considered not only the information that has flowed through from the department but also independent reviews undertaken by Tribal and ultimately consideration has been given, as far as I am concerned, to their suitability, feasibility and the acceptability; recognising that in most cases the majority of the services we do provide have an impact on most Islanders and education is indeed an emotional subject.

**Mr. N. McLocklin:**

How is your programme related to the wider C.S.R. programme in terms of reporting, in terms of lessons learned, in terms of methodology, best practice, benefits that could be shared among departments?

**Director, Education, Sport and Culture:**

There are 2 aspects to that. One is the external challenge by having another Chief Officer on the Programme Board and we consciously did not go for a soft option. We went for a Chief Officer who we knew would be challenging. Quite clearly, that means that there is another advocate, in a sense, or another challenge at the Corporate Management Board in relation to education. So issues then that I would talk about at the Corporate Management Board have a second opinion. In terms of engaging with the central team (obviously you will be aware that there is a central C.S.R. team), we maintain close communication with that team and that team has an input into the Programme Board.

**Finance Director, Education, Sport and Culture:**

The most important thing is we have a weekly meeting with a member of the C.S.R. team so that we can share the risks, give them update on the projects and so we can share any information that we think is important to the centre.

**Mr. N. McLocklin:**

Does that go the other way as well? I mean, are they picking up stuff that ...

**Business Change Manager, Education, Sport and Culture:**

Well, they have just also started a C.S.R. leads meeting, which I attended last week for the first time where I met my counterparts in Health, Home Affairs and other departments, so that not only can we share ideas and possible areas where further savings could be made in the future between departments but also in communications as well and what messages are going out. I think that is quite important.

**Director, Education, Sport and Culture:**

I think one of the challenges of working between departments can be cultural because, quite clearly, if you are looking at one business where there is a set of salary scales in relation to service that is one thing. But if you are looking at States of Jersey, you

have got doctors, you have got nurses, you have got teachers, et cetera, and there are peculiarities to each department that would have to be dealt with within those departments and taking account of the professional culture that exists. So you are not going to treat teachers, perhaps, in the same way as you might treat other people. You have got to look at their particular terms and conditions of service. You have got to look at the nature of their work. That is not just for teachers but for any specific department. So that makes it a little bit more difficult to share practical suggestions across departments, but with things like: “You know, we tried this communication strategy and that worked for us; you should think about that,” that type of stuff happens.

**Senator J.L. Perchard:**

Does the exchange with other departments through the different mechanisms you have just described, and goodwill that obviously exists, extend to sharing the £65 million C.S.R. saving and jointly being responsible for it rather than individually being responsible for 10 per cent?

**Director, Education, Sport and Culture:**

You are asking me essentially about the way the C.M.B. (Corporate Management Board) works on this and I think what we would say is that we are a support and a challenge to each other. So I would not expect to come to the C.M.B. and be saying: “Well, you know, this has been tough so I do not think I can do it,” without getting a fair amount of serious response from my fellow Chief Officers. At the same time I feel that I can go to the C.M.B. and say: “Look, I am having some considerable difficulties with this. Is there something that you think you could do to help me or is there advice that you could share with me that might be helpful?” So I think we have that type of engagement.

**The Minister for Education, Sport and Culture:**

I would like to add, if I may, that you picked up an important point and I think that there are opportunities for improvement. Certainly as a Minister who is ultimately responsible for the department and held to account for the savings targets, on occasion the communication does seem to be one-way rather than 2-way. I think that lessons have been learned from C.S.R. 1, which I hope will now translate and transfer into C.S.R. 2, which is a more open and honest debate about some of the problems and issues relating to the delivery of the saving. I think we still need further debate and discussion over timescale because my overriding concern, even at the start of the C.S.R. process, was that if you are held strictly to a limited timescale then some of the savings that you have been able to identify, because of the tight period, are unlikely to be delivered and in fact could frustrate the improvements that we all seek to make.

**Senator J.L. Perchard:**

Yes, absolutely. Can you confirm then that there is a proper dialogue that takes place that identifies that very issue and issues of priority, not only among your service provision but the provision of services of the States of Jersey, as to what is a priority? For example, 10 per cent of Education may not be a priority when you compare it with 10 per cent possibly T.T.S. (Transport and Technical Services).

**The Minister for Education, Sport and Culture:**

Yes. I would have to say that from the very start the Council of Ministers have held quite a large number of workshops that focus on the 2011 savings but, more importantly, 2011, 2012, and 2013. There has been much dialogue at that level with regards the target savings that would be and should be attributed to each department and the expectation of the delivery of those savings. There has been, to date, some variation in certain departments. However, my department is currently still being held (and I think quite properly) to a savings target that will contribute ultimately to the overall savings that the States are required to make.

**Senator J.L. Perchard:**

So that is your percentage change? That is the 10 per cent?

**The Minister for Education, Sport and Culture:**

The 10 per cent. But one issue that perhaps needs further consideration is another saving, which is a corporate saving, focused on reductions in staff costs, an overall reduction in staff costs, and a figure of £14 million has been attributed to that to be delivered over the 3-year period.

[14:15]

When you consider that not only 80 per cent of our overall budget is spent on education but the same amount is spent on staff then it is difficult to imagine that 10 per cent savings plus additional savings with regard to staff costs could be added into the mix. We need to absolutely look at how we provide for our staff and I fully support the Terms and Conditions Review. This is another area (I will be perfectly honest) that I feel that the timescale set to introduce and provide for that transformation and the changes that we know need to be made is limited and could restrict real improvements that ultimately would not only benefit the Island but, equally, the staff who we employ.

**Deputy D.J. De Sousa:**

Can I just follow on from where Jimmy has been leading with that? First of all, on the C.S.R. and education and you feelings on the C.S.R., do you feel that education should have been part of the C.S.R.; educating the youngsters that are going to be the future of the Island? Do you really think that we should be cutting investment in the future?

**The Minister for Education, Sport and Culture:**

First of all, I think it is good for every department to be required to review the services that they provide and consider how they are spending the money allocated to them. Absolutely, and that should be no different for any department, whether it is my department or anything else. Yes, education is an important area but we still need to be mindful that we provide it in the best form it should be and that is a process that we are going through. As I say, we recognise and acknowledge the spending targets that have been set are, for us, extremely challenging. I believe, to date, we have met those challenges and if we believe that there are issues that require additional time or there are areas where, after further exploration, we believe savings cannot be delivered we will inform those involved. I think that is a good process and I hope that my department, after this review, is able to properly demonstrate that we are an efficient department; we are providing the services that the community needs; we are

doing it in a cost-effective manner and that we have the support of the Island in the delivery of those services.

**Deputy D.J. De Sousa:**

You have talked much about review but do you think that education should have been made to cut?

**The Minister for Education, Sport and Culture:**

As I said before, it is a major challenge for the department. Ultimately, it is a States' decision. Let us not forget that the States confirmed the £65 million saving target. The States have been made aware of the savings proposals that were put forward to deliver the savings target of 10 per cent over the period. This is not my saving. This is not just about the department. This is about the Island and I think, picking up on the Chairman's point, we need to consider, and perhaps consider in greater detail, exactly what we believe is valuable with regard to the services that we provide and acknowledge that in some cases, there is a cost attributed to providing those services. That cost ultimately needs to be identified and I hope that our efforts are to do just that.

**Deputy D.J. De Sousa:**

Assistant Minister, have you had any input into this? Have you been able to voice concerns about any of the cuts that have been put forward?

**Assistant Minister for Education, Sport and Culture:**

Yes, we are meeting regularly. We have long discussions with the various heads of departments. I mean, as you say, in an ideal world there would not have been any cuts to education, but this is not an ideal world and we have got to bite the bullet the same as everybody else.

**The Minister for Education, Sport and Culture:**

I just pick up the point and I am not trying to back out of the delivery of savings. I want to make that absolutely clear. But these are savings targets. They all required, and we were upfront about it, additional work to be undertaken. Some of that work has now been completed; further work still needs to be done. But I will fight to protect essential frontline services that I believe should be provided by my department. At the same time we want to demonstrate (and I come back to the last point) that our department is doing well and is providing services required at the right value and that satisfies the taxpayer.

**Deputy D.J. De Sousa:**

You mentioned the T. and C. (Terms and Conditions) Review. S.E.B. (States Employment Board) have been working with the union on this review. Has your department also worked with the unions on what you are looking to do with staffing levels?

**The Minister for Education, Sport and Culture:**

I will have to ask my Chief Officer because, as you are probably aware, I am not directly responsible for staff.

**Director, Education, Sport and Culture:**

We have just initiated a review using the same reviewers of Teachers' Terms and Conditions of Service and Head Teachers' Terms and Conditions of Service and Lecturer's Terms and Conditions of Service and the focus meetings have just begun.

**Deputy D.J. De Sousa:**

Are you working with the unions on that level?

**Director, Education, Sport and Culture:**

Yes, the unions were engaged in drawing up the Terms of Reference. The unions will be consulted by Tribal, who are carrying out the review, and we have an independent chair chairing a forum between the department and the unions to ensure fair play.

**Senator S.C. Ferguson:**

What problems did you find with the Tribal review and how did your steering group deal with this?

**The Minister for Education, Sport and Culture:**

I could say that personally I found a problem in that I had very little input into the Terms of Reference of their review and although I acknowledge that it was a high-level review I think it took little or no account of the Jersey context. Furthermore, they were not required to consider the impact on the quality of services. They just were required to deliver facts and options. However (and it is a "however"), I am pleased that the independent review took place. It is a shame that the same process was not followed in all departments because I think it would have helped inform the debate, as it did within our department, and in determining the various savings proposals that were ultimately put forward. It acknowledges quite clearly in that report, as my Chief Officer has already said, that transformation of education and changes to the provision of education takes time and that an appropriate timescale needs to be allowed, which reinforces, I suppose, the experiences that we are aware of. It also recognises and confirms that real savings can only be delivered if sufficient time is allowed for that to happen, a phased approach, which minimises the impact on perhaps individuals or groups of people. Also it acknowledges, I believe quite clearly, the proactive nature of my department in looking at all service areas and the approach that we took.

**Deputy J.A.N. Le Fondré:**

On the slightly wider area of terms and conditions or employment, obviously there will be a central saving, hopefully, arising out of the terms and conditions which I presume it not attributed to education.

**Director, Education, Sport and Culture:**

It would depend on how it was applied.

**Deputy J.A.N. Le Fondré:**

Yes. Conversely, if at the centre terms and conditions by collective negotiation and all that sort of stuff change with an added cost coming to education, are you expected to find that in your budget normally?

**Director, Education, Sport and Culture:**

Well, not normally. If there is a salary increase by way of negotiation then usually that is funded. There have been a few occasions, at least one occasion that I can think of, when it has not been funded in the short term, so perhaps for the remainder of the year, and we have had to find that from within the budget. But it is usually reflected in the following year's budget.

**Deputy J.A.N. Le Fondré:**

If you found it in the budget, is that just by stopping projects or delaying projects or delaying expenditure into the following year just to cover the distance?

**Director, Education, Sport and Culture:**

Because of the nature of the business, and we are talking £100 million budget, it is prudent to build, each year, some form of contingency for the unforeseen. We try to do that. It does not necessarily mean that we are always able to set aside a fund but it does mean that we can look at some of the contingency funds that we have to set up. So, for example, if you have got teachers who are sick or on maternity leave, you have to replace them. You cannot just leave the class without a teacher. So we have an insurance fund that we use to support illness across the service to bring in supply teachers. So if, for example, you have a good year (good weather, not so much cold) you might be slightly underspent on that fund, so you might feel that you had something there that you could pull into a contingency. Over the last couple of years, and I think it is probably the nature of the beast, primarily primary head teachers are very prudent. The margin for bringing in a balanced budget and not bringing in a balanced budget is tight. So they will often defer decisions towards the end of the financial year just to make sure that they can afford them and we have a culture across the organisation whereby when we ask people to dig deep and put something off, if we need a contingency, so far we have had a good response.

**Finance Director, Education, Sport and Culture:**

We examine monthly expenditure in a lot of depth. So if we see any flexibility in the areas of our budget then we will pull that into a central contingency so that we can meet any unforeseen pressures later in the year.

**Deputy D.J. De Sousa:**

Do you budget for an unforeseen contingency to be there just in case?

**Finance Director, Education, Sport and Culture:**

It is not a permanent part of our budget. We start the process at the beginning of each year to look at that flexibility.

**Senator J.L. Perchard:**

How successful were you in 2010 in contributing to the £21 million of underspend that were dramatically announced in the *J.E.P. (Jersey Evening Post)* on the weekend?

**Director, Education, Sport and Culture:**

We were very successful, but then we tend to be very successful most years in that respect because basically we have a large amount of money, for a start, set aside for higher education. I mean it is £8.6 million at the moment. I think there was about £10.6 million in 2005. But there are about 17 different variables that can affect that:

the nature of the course, the university, parental income, the number of students, whether they have a gap year. Although we have noted over the last couple of years that we have structural deficit, we are still in a position where we are able to hold that and we tend to freeze it. We tend to ring-fence that. But it does mean that if there is an emergency you could use some of it, but we would not take it out of the budget permanently. It would only be as a one-off. Our view of a contingency is something that you use to fund a one-off pressure once; not a one-off pressure and then give it recurring funding for the subsequent years.

**Senator J.L. Perchard:**

What is the definition of “very successful” in monetary terms and can you confirm that will be returned to you in 2011?

**Director, Education, Sport and Culture:**

Well, we are hopeful because we would need to underpin some of the future funding pressures that we expect and, again, higher education is one of those funding pressures. Of course, this year there is an additional funding pressure because the saving that would have accrued in the third term of this year for fee-paying schools for the reduction in subsidy was taken from the budget but, of course, the saving has not been made. So we will need to be in a position to underwrite that.

[14:30]

**Senator J.L. Perchard:**

Are you able to answer the question of how much of the £21 million that the Minister for Treasury and Resources announced as an underspend in ...

**Finance Director, Education, Sport and Culture:**

About £2 million.

**Senator J.L. Perchard:**

£2 million, and that ...

**Finance Director, Education, Sport and Culture:**

But £600,000 of that is an underspend from last year which relates to the shortfall in the C.S.R. savings this year. Now that you mention higher education, £600,000 of our underspend relates to higher education.

**Senator J.L. Perchard:**

Will you be able to carry it over to 2011 as the *Jersey Evening Post* suggested?

**Director, Education, Sport and Culture:**

We have made a request.

**The Minister for Education, Sport and Culture:**

That discussion is going to take place tomorrow, at the Council of Ministers meeting...

**Deputy D.J. De Sousa:**

The Minister for Treasury and Resources has made it clear that if you achieve your savings you will get it back. If you do not, you will ...

**The Minister for Education, Sport and Culture:**

He certainly has not made that clear to me.

**Senator J.L. Perchard:**

We would be very interested in the answer to that, James, and I suspect we would be very supportive generally, otherwise you are not motivated or inclined to achieve savings.

**Finance Director, Education, Sport and Culture:**

We had the same argument with our budget holders. We go to them and we ask them to contribute to the central pressures and obviously each year we have been very successful and they have contributed. If we have to go back now and say: "We have lost that money," obviously it does not ...

**Director, Education, Sport and Culture:**

There is a major cultural issue here that is very important to acknowledge and I have been fortunate enough to have lived through it for 34 years in Jersey; but if I go back 34 years ago, a head teacher in Jersey, if they wanted to spend more than £300 on an individual item, had to get permission from the Director of Education. Now, budgets, for the most part, were spent up at the end of the year. We moved to a system of delegated financial management where we put the money out to the schools. We give the head teachers and the governing body the responsibility for it. We hold them to account for it. What we saw was a tremendous shift of resources into the frontline and people being more prudent with their budgets, not rushing to spend them at year end but planning for the next year; so carry forward, especially for a small school. Not all our schools have got the option to carry forward a one per cent deficient or a 3 per cent in unspent funds. That is to enable them to plan because a small primary school might not be able to buy something for £45,000 in one year, but if you give it 2 or 3 years they would be able to plan for it and if they can carry the funding forward they can manage it. So it is prudent and it creates a culture of using the budgets wisely.

**The Minister for Education, Sport and Culture:**

The other thing that I need to flag up is that I have been aware (and some might disagree with me on the term I am going to use) of funding pressures or issues that need to be addressed and the one that I always focus on is the contribution made by Government for higher education. Over a period of time and following a decision, and I think it was linked to previous savings that the department was required to make, the threshold was frozen which is used to calculate the level of contribution made by parents. The result is that over a period of time, the contribution Government makes to support people in higher education has been devalued. Now, at the very least I have been wishing to halt the devaluation and I have managed it in part with regards to the maintenance side of the grant, but I have yet to manage it on the threshold level. I could argue that part of that "saving", part of the underspend, that the department is achieving is due to the continuing devaluation of support provided to young people who are seeking to enter higher education.

**Senator J.L. Perchard:**

That rings a few bells with that argument, James.

**Senator S.C. Ferguson:**

Have you got any targets that are sort of stretched targets being put in place?

**The Minister for Education, Sport and Culture:**

For my own personal benefit could you explain your interpretation of “stretched targets”?

**Senator S.C. Ferguson:**

Well, targets that are a bit difficult to reach.

**The Minister for Education, Sport and Culture:**

Well, I think we are all aware of one topic that has been in the public domain for some time and that is the issue of the reduction of grants for a fee-paying school. Following a large amount of work undertaken by my department with each individual school and recognising the unique challenges that each school faces, we have, I think, found a workable solution to deliver that saving. But it does require 5 years. It cannot be delivered in less. I suppose it just highlights the fact that when you seek to make changes in education it needs to be managed, and it needs to be appropriate. Equally and as importantly, and I think it goes back to the monitoring, it not only helps you to identify the savings but allows the delivery of those savings to be monitored and, more importantly, the impact that those savings may take. All of that needs to be managed appropriately and I believe, for education, the extended timescale is important because it allows you that sort of phased approach to implement your changes but, equally and more importantly, to monitor those changes as they are implemented.

**Director, Education, Sport and Culture:**

If you consider a stretched target to be a challenging target for staff to achieve, most of these are pretty stretched.

**Senator S.C. Ferguson:**

Do you have any that have got contingencies built in?

**Director, Education, Sport and Culture:**

Well, it is whether or not they are realised. For example, if you look at nursery education, which you could say could be considered user pays because we are delivering the service in the nursery classes, it is very difficult to predict how parents will respond to that. It could be that there will be a larger take-up than we expected or a smaller take-up. We have been fairly prudent, I would say, with our assessments there and the hope is that we will be able to generate more than we anticipated. But there is nowhere else we can look to see what happened. This is an unusual and unique situation and we have made some assumptions and we have pitched it where we think we can afford to be but we are hopeful that we might do better.

**The Minister for Education, Sport and Culture:**

But more importantly, and I think we have got to come back to it, yes, the C.S.R. process is focused on money but it cannot be just about money. It has got to be on the

appropriateness of the service provided and, with regards nursery education, a lot of time and effort was placed in working with our partners, discussing the implications, considering what the options were before we sought to implement that change. In fact, with nursery education we were seeking to create a level playing field, which I believe we have done. I believe we have been successful in the way we have delivered it. I also believe that we have gained the support of most parties in the way that process was managed.

**Deputy D.J. De Sousa:**

Can I just flag up, there seem to be a little glitch along that line. I am the governor at the only primary school that has a governing body and it came up at our meeting last night that the number of people that they expected to apply for that is much lower and the issue that is coming across is the form. There are issues with that that you might want to look at.

**Director, Education, Sport and Culture:**

There are practical issues that we will need to look at. We have some projections across the whole system. So we are comfortable with what we see at system level. Some individual schools may have difficulties and we are more than happy to help, so if the school lets us know.

**Deputy D.J. De Sousa:**

Well, they are doing a bit more analysis to find out exactly what the issue is and then they will come to you on that.

**Director, Education, Sport and Culture:**

Yes, and then we will be supportive.

**Business Change Manager, Education, Sport and Culture:**

I am meeting with a teacher after this meeting, so I am sure he will fill me in.

**Senator S.C. Ferguson:**

Now, in the *Tribal Report* it identified various opportunities for further savings in areas such as merging with caretakers, more effective use of part-time or casual staff, sports centre outsourcing, energy and water costs. Are these additional savings being progressed?

**The Minister for Education, Sport and Culture:**

First of all, consideration has been given to all proposals contained in the *Tribal Report* and I think I come back to one of my original comments: that they did not necessarily consider the local context or the role that the caretakers play in each school. We believe that it was not appropriate to progress this matter much further.

**Assistant Minister for Education, Sport and Culture:**

Can I just come in there about the caretakers? We visited all the primary schools and all the primary school heads said they could not cope without their caretakers because they are not just the lollypop man and everything else. I mean, they built forts for the children and they do so much more than they are required to do.

**Director, Education, Sport and Culture:**

One of the main issues is that the schools always need them at the same time. But I would have to say a couple of these are indicative of Tribal's experience in the U.K. and assuming that it can be transferred here. This is a simplistic version of what the U.K. would call "federation"; where you take 4 or 5 primary schools, you put them under one executive head teacher and you make considerable savings. Now, the reason you do that in the U.K. is because each of those schools will have their own H.R. (Human Resources). Each of those schools will have their own finance section. They are managing their own payroll. They are managing their own bank accounts because everything is devolved to school level there. So it makes sense that if you pull those schools together in a federation of 5 or 6 under an executive head teacher the parents do not notice because there is still a figurehead in each of the schools who is the learning head teacher, the teacher who is really overseeing teaching in the school. But you pull out all those into a shared service, so you have only got one H.R. function and you have only got one finance function. Now, effectively schools in Jersey are under a massive federation because the central H.R. oversees all the H.R. policies and the recruitment, although it is done at school level, is supported at the department level. Again, although the finances are devolved to schools, they are not operating their own payroll systems. So the same savings are not there. You could make a saving but it would be very, very small and then you have to weigh it up against the disadvantage.

**The Minister for Education, Sport and Culture:**

Just picking on a couple of other areas: the sports centre issue and the opportunities for that sort of thing has been investigated and in fact reviews have been undertaken which show that the services we are providing as a Government match and in some ways reflect better standards and opportunities than that that could be provided by a private provider because of their selective nature and the decisions that that provider might make. I come back to the AquaSplash issue that we now find ourselves in. Finally, with regards energy, it is an ongoing matter. There is a corporate energy review that is being undertaken as part of the C.S.R. 2 programme and we are participating in that.

**Deputy D.J. De Sousa:**

Can I just come in along those lines about partnerships? Prison! Me! No Way! is funded by 3 States departments plus public funding as well from businesses and the like. I cannot see anywhere in your proposed cuts so hopefully you are not going to make a cut in your £15,000 donation to Prison! Me! No Way!

**The Minister for Education, Sport and Culture:**

I am pleased you raised Prison! Me! No Way! because that is one of many, many services that are provided and that is acknowledged as a good service. However, an agreement was reached last year that it was time to have a review of how effective that service was, whether any changes need to be made and that was a decision made by all the 3 Ministers of the departments involved. I would hasten to add that there are some anomalies in the provision of funding with regards Prison! Me! No Way! because there are still funds allocated to certain departments under the Building a Safer Society heading. The major ones are Health and Home Affairs. Our department has not had that luxury and in fact a lot of the community initiatives that we have promoted, actively promoted, have been funded from our allocated budget without major or additional funds being provided through another mechanism.

[14:45]

**Deputy D.J. De Sousa:**

So you are definitely not going to make a cut in your funding of £15,000?

**The Minister for Education, Sport and Culture:**

As 3 Ministers we are considering, as I said, how effective the Prison! Me! No Way! is and whether or not changes are required to make it more meaningful to the young people concerned. That discussion is ongoing and at the moment, dependent on those discussions, it will ultimately depend on the resources that will be required to deliver the services that are necessary.

**Deputy D.J. De Sousa:**

My children have partaken in that service because of the nature of the learning and the way they go about it, it does stick in their mind for years to come.

**The Minister for Education, Sport and Culture:**

Absolutely.

**Deputy D.J. De Sousa:**

Is that not an invest to save, because surely it would cost more to keep one offender in prison?

**The Minister for Education, Sport and Culture:**

Please do not get me wrong. I am not saying that Prison! Me! No Way! and the initiatives and the work that is undertaken under that banner is not effective. All I am saying is that over time you sit down, you review, you look at the resources allocated to this particular area, you consider the effectiveness of what is being provided, you look at what changes may or may not be required and then you review what funding you allocate to it. It could be that additional funding is provided. It could be that we require the Prison! Me! No Way! Committee to add to the services that are available. At the moment, until we undertake and complete that piece of work, it is difficult for me to comment further.

**Senator S.C. Ferguson:**

All right, thank you.

**Assistant Minister for Education, Sport and Culture:**

I am certainly very supportive of it as well.

**Senator S.C. Ferguson:**

Okay, thank you. I think Jimmy has just got one quick one.

**Senator J.L. Perchard:**

Yes, just one final point that I asked the Chair if I could ask you towards the end of the meeting. Before I do that I thank you and your officers for being so honest. I know how difficult this is for your department and have every sympathy with your dilemma but I am going to ask this question. Should Policy E.S.C. (Education, Sport and Culture) 1, which involves a reduction of grants to fee-paying schools of £4.28

million, not be acceptable to the States, have you identified alternative savings opportunities in order to achieve your C.S.R. savings?

**The Minister for Education, Sport and Culture:**

No, because there are not any.

**Senator J.L. Perchard:**

That is a bit of a contradiction: “No, because there are not any.”

**The Minister for Education, Sport and Culture:**

Well, there are not.

**Senator J.L. Perchard:**

So there are no alternatives?

**The Minister for Education, Sport and Culture:**

There are no alternatives as far as I am aware and I believe would be politically acceptable.

**Deputy D.J. De Sousa:**

Would the Minister not, therefore, have considered that it would have been more appropriate, as our state schools have had since the year 2000, 2 per cent cuts year on year on year? Would it not have been a foresight to have included the fee-paying schools in that 2 per cent rather than doing this now?

**The Minister for Education, Sport and Culture:**

Hindsight is a wonderful thing. I do not want to get into detailed discussions about fee-paying schools because we are going to have them, I believe when we debate Senator Shenton’s amendment ...

**Director, Education, Sport and Culture:**

Sorry, Minister, can I just clarify? If there were efficiency savings made to the fee-paying schools, the fee-paying schools would have been affected by them but the fee-paying schools have the capacity then to increase the fees in order to compensate for them. So the net result on fee-paying schools would have been different than the net result on the non-fee-paying schools. I think the other point that is probably worth mentioning is that when we started the process what we were doing, particularly with the Tribal Review and the reviews within the department, is we were looking at options for further exploration. Inevitably, when you have a significant financial challenge facing the States, it is understandable why those options would very quickly become an expectation. But some of those options still require further exploration before you could confidently say that they would produce the savings and achieve the desired results.

**Senator S.C. Ferguson:**

Yes, because I think it is fair to say, is it not, that 80 per cent of your budgets is on staff?

**The Minister for Education, Sport and Culture:**

Sorry?

**Senator S.C. Ferguson:**

Eighty per cent of your budget is on people?

**The Minister for Education, Sport and Culture:**

Well, approximately 80 per cent of our budget is spent on education and if you extend that it is more because if you look at the support services, whether it is cultural or sporting activities, they are directly linked to education. So if you are going to seek to deliver 10 per cent savings, which was the target set by the Council of Ministers, then you have to look at and you are required to look at educational matters. I would like to make just one final point on savings, to my knowledge up to the present day the fee-paying schools have not been required to contribute to previous savings. As part of the work that we have undertaken in reviewing the services provided, we have looked at all our grants and where we spend money and those that benefit from it.

**Deputy D.J. De Sousa:**

That was exactly my point.

**Finance Director, Education, Sport and Culture:**

The fee-paying schools have been required to contribute to efficiency saving targets but not the cuts.

**Director, Education, Sport and Culture:**

Efficiency savings targets.

**Deputy D.J. De Sousa:**

Yes, that was exactly my point. That is year on year since 2000.

**Senator J.L. Perchard:**

I just have to correct that, Sarah, I am sorry. The formula as outlined by Kevin at a meeting I had with him recently for funding the fee-paying schools is based on the amount of money that is spent per child in the non-fee-paying sector. Those children have been subject to the cuts that we are talking about. So it is reflected.

**Director, Education, Sport and Culture:**

The efficiency savings, yes, because ...

**Senator J.L. Perchard:**

Indirectly.

**Director, Education, Sport and Culture:**

Yes. There have been no straight cuts, in a sense, to the fee-paying schools.

**Senator J.L. Perchard:**

Yes, but you understand there is a parallel.

**Director, Education, Sport and Culture:**

You are right, yes. But the fee-paying schools have been able to compensate. That is the difference.

**Senator S.C. Ferguson:**

Okay. Well, thank you very much indeed, lady and gentlemen. I am sorry, Neil, did you have anything else?

**Mr. N. McLocklin:**

I am fine, thank you.

**The Minister for Education, Sport and Culture:**

Can I just say that if you do have any additional questions and we are able to help with answering any of those, if you just contact the department we will do our best to deal with them.

**Senator S.C. Ferguson:**

Thank you very much indeed.

[14:52]