

# Education and Home Affairs Scrutiny Panel

## Medium Term Financial Plan

### Questions for the Education Minister

Public hearing 26<sup>th</sup> July 2012 at 2pm in Le Capelain Room.

1. What overall expenditure limits were allocated to the Department in the 2012 Annual Business Plan for 2012, 2013 and 2014? Have the limits changed in the Medium Term Financial Plan and, if so, why has it changed?

The 2012 Annual Business Plan only allocated expenditure limits to departments for 2012. This limit has formed the starting point for 2013 to which inflation and growth have been added.

2. What commitments for growth were made for the Department in the 2012 Annual Business Plan for 2012, 2013 and 2014? Have growth commitments from previous Annual Business Plans addressed the issues which prompted those requests for additional funding and, if not, why not?

The only commitment for growth for ESC in the 2012 Annual Business Plan was in relation to the CSR growth proposals as follows:

	2012 Growth proposals	2013 Growth proposals
Education, Sport and Culture	3,652,000	150,000

These growth commitments relate to teachers' terms and conditions, Skills Board, ICT strategy and higher education in 2012. Part of the latter two elements were deferred in 2012 to offset against CSR savings targets. 2013 growth relates to Skills Board and Island Games both of which represent a continued requirement.

Yes, funding allocated for growth commitments in previous years have been utilised for those purposes and reported in the States Accounts in each following year.

3. What changes in staffing levels, if any, are being proposed that were not allowed for in the 2012 Annual Business Plan?

Staffing levels in the 2012 Annual Business Plan reflected the business as usual. The MTFP allows for an increase in staffing of 60 by 2015 which reflects the growth allocated, in particular due to Highlands (as a result of the fiscal stimulus), increase in primary intake offset by the decline in secondary and the increase in relation to the ICT strategy.

4. How does the Department's budget break down into service areas? How does that breakdown compare to that provided for within the 2012 Annual Business Plan?

In the draft MTFP the Department's budget has been analysed in a very similar way to previous years, the main changes being consolidation of schools and colleges into non fee-paying, fee-paying and non provided; amalgamation of youth, careers and childcare into a single line and sports division is now shown as a single line. It is

envisaged that the 2013 ESC Annual Business Plan will publish at the same level of detail as the current 2012 Annual Business Plan.

5. What existing services in the Department, if any, are due to be changed and, if so, how will they be changed?

There are no plans to fundamentally change and services within the Department. The department is committed to continually reviewing the delivery of its services to ensure continued value for money.

6. What will Carry Forward funding for 2012 be used for in the Department? What ongoing items, if any, have been funded through Carry Forwards?

At this stage it is difficult to commit with any certainty what the carry forward will be at the end of 2012.

The carry forward from 2011 approved in 2012 is being utilised as planned:

Delegated Financial Management	£681,050
Fee Paying Schools	£775,960
Higher Education	£800,000
Healthy Eating School Contract	£21,000
Departmental Restructuring Reserve	£195,650
Lunchtime Supervision	£120,000
Teaching Assistant Restructuring	£ 60,000
Nursery Education Fund Growth	£360,000
Sports Advisory Council Grant	£100,000
ICT Strategy	£240,000
<b>Total</b>	<b>£3,353,660</b>

7. What funding pressures are facing the Department and how will they be addressed?

The ESC Department is under constant financial pressure, along with every other States department.

There are General pressures resulting from supplier price increases above the 2.5% inflation figure allocated to the Department, particularly in relation to exam entry fees and utilities; and changes to employment laws.

Specific pressures facing the Department include:

- Changing demographics, particularly in relation to rising pupil numbers in the primary sector as a result of an increase in both the number of births and net migration
- Increasing costs of entry fees for UK examinations awarding bodies
- Ensuring special needs are met, particularly when UK placements are required
- Changes in UK government policies, primarily in relation to higher education (university) fees
- Current recession and subsequent high unemployment resulting in higher student numbers in post 16 education

These and other pressures are managed through a combination of plans and actions:

- Service reviews
- Improved efficiency in relation to energy costs
- Continued review of efficiency and effectiveness
- Growth bids

8. Which bids for growth in revenue expenditure have been taken forward? For those which have, is it proposed that they be funded from Growth expenditure; Contingency expenditure; Restructuring provision; or another source?

In addition to the growth bids already planned in the 2012 Business Plan and the £1.9m for the Back To Work scheme previously funded through fiscal stimulus, growth bids have been taken forward for:

- Primary demographics and the Nursery Education Fund - both funded from contingencies in 2013 and growth in 2014 and 2015
- Highlands College additional students, 14-16 vocational education and apprentices - funded from contingencies in 2013 and 2014 and from growth in 2015
- Higher education increased fees - funded from anticipated carry forwards in 2013 and growth from 2014 and 2015.

There is also a potential allocation of £315k for Jersey Heritage capital maintenance to be funded from the summer lottery.

9. Which bids for growth appear for the first time in the Medium Term Financial Plan and which relate to bids which have been made by the Department in previous years?

The growth relating to the apprentice scheme appears for the first time. The 14-16 vocational growth follows a successful pilot scheme in 2012. All the other bids relate to changing requirements within normal business as the demand for the services increases.

10. Which bids for growth in the Medium Term Financial Plan were unsuccessful and what will be the likely impact?

There were three unsuccessful bids which related to the extension of the Professional Partners scheme and the increase of the threshold and the maintenance grants for higher education students to the equivalent of the 2001 value. The likely impact is that students going to university will continue to receive grants below the cost of living and the Professional Partners will not be extended.

In addition, in order to balance the budget, all bids for 2013 were reduced by 10%.

11. In which areas of the Department were CSR savings targets identified? Will the Department meet those specific savings targets? If not, in which areas will the savings not be met and what contingency plans, if any, does the Department have in place?

The department has agreed a revised CSR target with the Council of Ministers of £7.554m over an extended timeframe from 2011-16. This is £3.550m short of the original target of £11.104m. The Department has already achieved £3.088m and is fully committed to making further savings of £4.466m by 2016.

The table below shows the previous CSR savings achieved in 2011 and 2012 as well as the additional savings to be achieved for 2013-16:

<b>ESC SAVING</b>	<b>Previous savings</b>	<b>Additional savings to be achieved by 2016</b>
Managing demographic changes in schools		1,086,000
Continuation of property occupancy charge for fee-paying provided schools (JCG and Victoria College)	160,000	320,000
Cease grant to independent preparatory schools (St Michaels and St Georges)	270,000	312,000
Consistent application of funding formula to all fee-paying primary schools		178,000
Lower than anticipated university tuition fees		1,500,000
Assessment of household income for higher education	200,000	400,000
Introduce a new model of education for Key Stage 4 students requiring an out of school placement		250,000
Remove funding for trainee librarian		32,000
Youth Service restructuring	50,000	40,000
Restructure sports management team	105,000	55,000
Increased sports income	106,000	144,000
5% savings across arts and culture grants		59,000
Introduce charges for instrumental music	110,000	90,000
Remove the inequity in nursery education by bringing public provision in line with private provision	414,000	
Reduction in maintenance budgets	242,000	
Cease PE initiative	120,000	
Review management structure of Highlands College	210,000	
Restructuring Special Education Needs Service	165,000	
Restructure customer services team	23,000	
New model of holiday activity clubs	80,000	
Reduce grants to clubs and associations	160,000	
Devolved model of pitch management	80,000	
Re-defining core business for schools and colleges	298,000	
Cease annual grant to Durrell	33,000	
Reduce sickness reserve	75,000	
Review technical sports management structure	37,000	
Procurement savings	150,000	
<b>Sub-Total</b>	<b>£3,088,000</b>	<b>£4,466,000</b>
<b>TOTAL</b>	<b>£7,554,000</b>	

12. What capital projects are proposed for the Department, both specifically for 2013 to 2015 and for the Long Term Capital Plan for 2012 to 2032?

The following schemes are proposed for the MTFP and LTCP:

(a) Medium Term Financial Plan (2013-2015)

2013

- School ICT £1m
- St Martins School £7.732m

2014

- Autism support unit £1.066m
- FB Fields running track £810k
- Les Quennevais Artificial Pitch` £650k
- St James Centre £2.5m
- Replacement school £15m
- School ICT £1m

2015

- School ICT £1m

(b) Long Term Capital Plan (2016 onwards)

2016

- Les Quennevais School Refurbishment & Extension - £7.5m

2017

- Grainville Phase 5 - £9.7m
- Le Squez Community Centre - £2m

2016-2020

- Jersey Heritage Assets - £10m (see Note 1)

**Note 1:** This is a proposed allocation of £2 million/year over the 5 year period 2016 to 2020 for the refurbishment and improvement of facilities at Elizabeth Castle.

13. Have any capital projects been delayed or not provided for?

There have been delays in the past in the proposed commencement dates for the refurbishment of Les Quennevais School (2016) and Grainville School Phase 5 (2017), but these have been due to limitations on the overall States capital expenditure budget, not because of any lack of support from the Council of Ministers, and the Council is proposing that these should be undertaken in 2016 and 2017 respectively.

14. What policy changes being considered by the Department (but which have yet to be agreed and / or implemented) which could impact upon other Departments or the public?

The department is considering the responses to the consultation document "Learning for Tomorrow's World". It is likely that there will be further work on higher education funding and apprentices.

15. What new 'user pays' charges have been considered and which will be pursued? What increases to existing 'user pays' charges have been considered?

The Department follows the States strategy in respect of 'user pays'. New 'user pays' charges were described in the 2012 Business Plan and include fees for extra-curricular lessons through the Jersey Instrumental Music Service. Increases to existing 'user pays' charges are generally in accordance with the States anti-inflation strategy of 2.5% except for sports charges, which are part of the CSR and are slightly above.

16. What requirement, if any, does the Department have for restructuring provision?

The Department has been provided with funds from the restructuring provision in 2011 to fund reorganisations to produce CSR savings. There are no current requests into the fund but the department may request funds in future if there are project which would produce ongoing savings.

17. What sources of income does the Department have and what changes, if any, are proposed to the levels levied?

In 2012 the main sources of income to the Department are:

- School fees (£9m)
- Course fees and other income from Highlands College (£3m)
- Sports centres and playing fields (£3.7m)
- Other relatively small sources of income include additional nursery hours, school lunches, facilities hire and property rentals

In general, income charges are increased by the 2.5% States anti-inflationary rate. However, charges may be increased above this to reflect increased cost and all such increases are subject to business case and Treasury approval.

18. What funding, if any, does the Department receive from charitable or other sources in order to support the delivery of its services and for what purposes?

The majority of schools have a parent-teacher association, which raises funds for use within the school. In addition, the Youth Service has an agreement with the Princes Trust who provide funding for courses to be run in accordance with the agreement. It also has funding agreements with the parishes.

In addition, there are several special funds which provide bursaries subject to certain conditions being met.

19. What outstanding issues facing the Department, if any, have not been taken into account in the Medium Term Financial Plan?

The Department is facing constant pressure, as discussed above. The MTFP reflects the known pressures at the time of preparation. Subsequent information on demographics suggests that additional pressures may be forthcoming.

ADDITIONAL NOTES FOR ESC

**Growth Bid for Manpower**

	<b>Current Agreed Manpower</b>	<b>Areas of Growth</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
		HC FE student Growth	23		
		HC HE	2	2	2
		HC Zero hours conversion	23		
		IS Strategy	2		
		Primary	3.2	3.2	3.2
		Secondary Decline		-4	-4
		PP	1		
		Non teaching staff uplift	2	0.4	0.4
		CSR	-2		
sub total			56.2	1.6	1.6
total	1614.8		1671	1672.6	1674.2