



Northern Ireland
Assembly

Committee for Education

OFFICIAL REPORT (Hansard)

Budget 2016-17: Mr John O'Dowd MLA
(Minister of Education) and DE Officials

9 March 2016

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Mr Peter Weir (Chairperson)
Mrs Sandra Overend (Deputy Chairperson)
Mr Jonathan Craig
Mr Chris Hazzard
Mrs Dolores Kelly
Mr Danny Kennedy
Mr Trevor Lunn
Mr Nelson McCausland
Ms Maeve McLaughlin
Mr Robin Newton
Mr Pat Sheehan

Witnesses:

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|--------------------|-------------------------|
| Mr O'Dowd | Minister of Education |
| Mr Trevor Connolly | Department of Education |
| Dr David Hughes | Department of Education |
| Mr Philip Irwin | Department of Education |
| Ms Brenda Shearer | Department of Education |

The Chairperson (Mr Weir): I welcome the Minister to the meeting. With him are Trevor Connolly, the director of finance; Philip Irwin, the director of investment and infrastructure; David Hughes, the director of curriculum, qualifications and standards; and Brenda Shearer, the head of youth and schools in the community team. You are very welcome. Minister, do you want to make an introductory presentation before I open it up for questions?

Mr O'Dowd (The Minister of Education): Thank you, Chair and members. I appreciate the opportunity to attend the Committee meeting today to brief you on my final decisions regarding the Education budget for 2016-17. I understand that you have received a briefing pack separately which includes the Education 2016-17 budget and the Education 2016-17 budget distribution table. I propose to provide an opening statement and then, of course, will be happy to take questions or address queries that members may have.

First, it is important to set the strategic context for the budget 2016-17. Clearly, it took place in a very difficult economic environment, especially in light of real-terms reductions to the Executive's resource budget position imposed by the Westminster Government. As noted previously by the Finance Minister, in cash terms the overall Executive resource budget for 2016-17 is 0.9% higher than 2016-16 — I am sorry, that should read 2015-16. However, this means an overall real-terms reduction of 0.8%. By 2019-2020, the overall Executive resource budget will have reduced by 5.3% in real terms.

However, the Executive's conventional capital budget is forecast to increase by 12% in real terms by 2021.

In comparison with the 2015-16 opening baseline, the budget 2016-17 funding allocations for the Department's resource and capital budgets are as follows: the resource budget has increased by £33.3 million or 1.7%, and the capital budget has increased by £46.9 million or 32%. However, when looking at the resource budget, as set out in the budget 2016-17 document, this is not a like-for-like comparison. Taking account of the adjustments listed for employer pension costs, public sector transformation fund moneys and the net reductions to my resource budget, on a like-for-like basis, the 2016-17 resource allocation for Education means a net reduction of £72 million or 3.8%. However, although the 2016-17 resource outcome is challenging, the position for Education is significantly better than anticipated. I welcome the announcement by the Finance Minister on 10 February of an additional allocation of £20 million for Education, which further demonstrates the Executive's commitment to supporting education. I have allocated my 2016-17 resource budget on the basis that this £20 million funding commitment will be honoured in the 2016-17 June monitoring round, with £15 million going to the aggregated schools budget (ASB) and £5 million to the Education Authority (EA) block grant to ease pressures in relation to special educational needs (SEN). Taking this further allocation into account, the net cash reduction is £52.1 million or 2.7%.

This net cash reduction to the resource budget does not take into account inescapable cost pressures in the 2016-17 year, such as pay increases, changes to National Insurance contributions, price inflation and meeting statutory and contractual commitments. As I noted earlier, the Westminster Government have imposed a real-terms reduction on the Executive Budget. As a result, none of those inescapable pressures have been funded as part of this budget year final outcome. As part of the budget process, I have been able to fund specific inescapable pressures and identified budgets that I have proactively reallocated to address some of the funding gap.

In reaching my final decision on the resource budget reductions, I have focused on protecting the aggregated schools budget, taking into account my strategic priorities for 2016-17; considered the impact of the 2015-16 voluntary exit scheme in the Department and non-departmental public bodies (NDPBs) and the impact of the 2015-16 budget reductions; secured the continuation of specific programmes that reflect the Department's statutory responsibilities; continued to tackle social disadvantage; and ensured that support for children with special educational needs is prioritised. I have also protected the Sure Start budget, the early years budget and funding for youth services. Unfortunately, despite my best efforts, I have had to make £35.5 million of budget reductions in 2016, with the EA block grant reducing by £22 million and the aggregated schools budget reducing by £10 million.

During the 2015-16 year, I requested a review of earmarked funds with the aim of ensuring that, in future, earmarking of any funds will be fit for purpose and support departmental policy objectives. As a result, I have agreed to transfer nearly £120 million of funds to the Education Authority block grant in 2016-17. In 2015-16, all of those were earmarked allocations. That transfer will provide the authority with significantly greater autonomy in how it allocates its funding.

Turning to schools' delegated budgets, I am acutely aware of the need for schools to know their 2016-17 budget, and I am therefore pleased that they were notified of their 2016-17 budget allocation last Wednesday 2 March. The information for all schools has been placed on my Department's website.

My Department has been allocated a total capital budget of £194 million. This includes £20 million of capital funding from the economic pact to fund the projects agreed under Together: Building a United Community. It represents an increase of £46.9 million or 32% on the opening 2015-16 capital allocation. I have recently agreed initial indicative allocations for each capital programme, including major and minor works, the youth programme and the school enhancement programme (SEP). As you will note, details are set out in the document given to the Committee. I anticipate that the uplift in the capital budget will ensure that all major works projects that are due to progress to the construction stage next year will have sufficient capital funding available to allow them to do so. It will also allow some of the backlog of minor works schemes that has built up as a result of this year's constrained budget to be cleared.

The improved capital budget position will also facilitate the release of additional school enhancement programme schemes to construction. A further tranche of eight projects that were held due to the budget constraints have already been released to proceed to construction, and it is hoped that further schemes can be released during the next financial year. Overall, the increase in capital funding is to

be welcomed, as it will yield positive results not only for the schools estate but for the construction industry and the economy in general. I will bring it to a conclusion there, Chair.

The Chairperson (Mr Weir): Thank you, Minister. Obviously, a number of folk will want to ask questions. We are talking about the budget, and there is an awful lot of meat in the subject. We will take it through a number of aspects.

First, picking up on your last point about capital works, the breakdown is probably about £55 million for major works. You have already made announcements about the school enhancement and minor works programmes. Do you intend to make any further announcements about major works before the end of March? For schools out there that are looking at major works, what do you see as the timescale for the announcement of major works projects?

Mr O'Dowd: I have considered making an announcement in relation to the primary school sector, because projects there are usually relatively small and are between £3 million and £5 million. The work that is already taking place in my Department on major SEPs and minor works allows my officials the space to carry out and deliver those schemes. Officials are finalising a document for me that will hopefully be with me this week. On the basis of that, I will decide whether to move to an announcement next week.

The Chairperson (Mr Weir): OK. In recent years, whatever projections have been made, there has tended to be underspend on major works and a shift towards minor works. If we have a particular allocation this year, how do we know that this will not happen again and that there will be slippage from the major works side?

Mr O'Dowd: Major works is one of the areas where there is always the potential for slippage. It may come down to planning issues, preparation of development proposals or when you believe that you have a land deal going through but it then falls apart. Over the last couple of years, in particular, we have not seen the slippage that there was in previous years, and we now have a very tight process in place in the Department of Education for building and delivering major works. I accept that there was slippage in previous years, but that has not been the case over the last couple of years. Part of this comes from the protocol we have introduced that we will only announce new builds that we believe will be built within a reasonable time. There will always be hiccups along the way, but I think that the protocol has provided the basis for us to be reasonably sure that the money we have allocated to major works will go ahead.

When there is slippage in major works, we can move the funding to minor works. On occasions, we have brought other school advancement projects online and allowed them to advance, which is always a very welcome development, particularly for the schools involved. As long as we spend the major capital funding in a strategic way, it will be to the benefit not only of the schools estate but of the construction industry and our economy.

The Chairperson (Mr Weir): I want to turn to another issue on the resource side. As you know, the focus will be on the aggregated schools budget, and you have indicated the ways that you have tried to give that relative protection. For a lot of us, trying to disseminate and disaggregate the figures is always a slightly difficult task.

One of the issues mentioned concerns National Insurance contributions, and I think it is estimated that there will be an additional liability of around £21 million. This brings into question where the aggregated schools budget sits. Will that amount simply have to be absorbed by the aggregated schools budget, and, therefore, in real terms, does that mean that we will see a £30 million reduction rather than a £10 million reduction? Perhaps you could talk us through that.

Mr O'Dowd: When the final Budget for the Executive Departments was agreed, none of the Departments got an uplift to deal with pay pressures, whether for annual pay increases or the new National Insurance contributions. If I were going to fund them from the aggregated schools budget, I would have to cut services dramatically elsewhere. I made the decision that schools would have to absorb this and to deal with pay pressures and National Insurance contribution pressures from within their own budgets. Aligned to that, however, I also have to say that the voluntary exit scheme in 2015-16 has the potential to deliver around £12 million of savings to this year's aggregated schools budget because of the number of staff who left through the scheme and through the savings associated with their wages. It is up to £12 million, and that may not all be fulfilled within this year. If we move into the voluntary exit scheme this year again, those savings will come online as well.

It also has to be pointed out that we still have a surplus of £50 million across our schools estate. That money was allocated to schools to be spent on the education of young people. During my tenure as Minister, over the last five years, that sum has not reduced significantly in any way, and it is now time for schools to start investing the surplus in education in their schools. Yes, there are additional pressures on the aggregated schools budget, but I had no way of funding them other than by cutting services dramatically elsewhere, and I made the decision not to do that.

The Chairperson (Mr Weir): One of the things uppermost in people's minds was the voluntary exit scheme. It is fair comment that one area, on the other side of things, that has exercised a considerable amount of debate is investing in the teacher workforce. When we had officials in before, they talked about aiming to have the overall scheme launch in late February or early March. Where are we with that? Are we reaching a danger with timescales? As you are aware, the teaching profession, not necessarily uniquely but quite oddly, is tied to specific time frames, if people are to be replaced and there are to be job advertisements. That is unlike other parts of the public service, where there is a high level of flexibility with the time of year when things happen. That is not the case with teaching. Where are we with that, and when will we see a final decision on it?

Mr O'Dowd: As the Chair has pointed out, it is a highly contested policy, and it has created a lot of debate in the teaching profession and among the political profession. I have listened to the comments made around this, and I have to say that some are very ill informed. Some genuine concerns have been expressed as well. I have prepared a paper for the Executive setting out three options for them. It has to be remembered that the funding for this scheme comes from what I refer to as the voluntary exit scheme. There was £33 million from a scheme that was originally designed to pay off public sector workers without those posts being filled again. I have £33 million from the Executive on the basis of an agreed process.

For me to change that process, I have to get agreement from the Executive, so I have given the Executive three options. One is to continue with the original proposal of allowing teachers to retire at 55 and bringing in recently qualified teachers. Those criteria have not been finalised; you could move up to five or six years on that. I have given a proposal to the Executive to move from the three years to the five or six years. I have also said to the Executive, "If you open this to everyone, there are no savings and there is a cost to the public purse". I have asked for the Executive's views on that. The paper is with my Executive colleagues. I hope that it may be discussed at the Executive meeting tomorrow or, if not, the next one. I suspect that at this stage we will not achieve full-year potential savings out of that. For instance, if we went for the original scheme, we have the potential to save up to £9 million in the financial year.

The Chairperson (Mr Weir): If, for instance, it were shifted to five or six years, that would —

Mr O'Dowd: That would reduce. If we move to everyone, there are no savings whatever.

The Chairperson (Mr Weir): Also, presumably, if you moved to everyone, the argument from an age point of view reduces as well.

Mr O'Dowd: Yes.

The Chairperson (Mr Weir): There are a couple of other issues before I open it up to other members. If you take into account the redundancies at the non-school-based workforce at the EA for 2015-16 and the projected redundancies for 2016-17, you are looking at a 30% reduction in the EA's overall number of staff. What assurance can you give that areas like the Curriculum Advisory and Support Service (CASS) will be protected sufficiently to be able to deliver? Also, if you are going to do this with the EA — removing that level of administration — that will limit, to a certain extent, the activities it can do. To what extent are you looking at greater delegation of funding to schools?

Mr O'Dowd: CASS and other services have been reduced over the last number of years as a result of budget reductions. However, I intend to announce a teacher professional development scheme in the coming days to outline how we will continue to develop our teaching workforce to keep them fully up to date in the most modern teaching skills and learn from them as much as giving advice to them.

The administration angle of the EA was one of the areas we focused on in the business case for the proposal to bring forward the EA. There has always been an ambition to reduce the bureaucracy and administration behind the EA through the voluntary exit scheme.

I am not convinced by the argument that we should delegate more funding to school budgets. One of the arguments I have against doing so is that it would bring greater responsibility to schools and require senior management teams and school principals to carry out more administrative duties, when they are reporting to me that they are already overburdened with administration. My personal opinion is that, if we delegate more funds to schools, there would be more responsibility. That comes with more administration, which removes teachers and senior management teams from front-line education.

The Chairperson (Mr Weir): The counter-argument could be that, if you compare Northern Ireland with other regions, proportionately we spend a lot less directly in schools — but that may be an argument for another day.

Two expenditure issues were raised a number of times with the Committee about programmes that were axed or reduced. The Bookstart scheme lost about £150,000 and Sentinus had cuts of £250,000: is there any intention in this year's budget to restore those?

Mr O'Dowd: No. Those reductions took place last year. I have no space to return to those funding pots. If I were to do so, I would have to make a cut somewhere else in the system. It is worth remembering, however, that, while £250,000 appears small in the global sum of the Department of Education, it will pay for approximately 10 teachers or 15 classroom assistants. Those are the choices you have to make.

I congratulate Bookstart on securing funding from alternative sources to continue its programmes. I am not arguing that it does not do good work; my point is that, if I give £250,000 or £300,000 to one place, I lose from another. I am trying to protect front-line services in terms of teachers, classroom assistants and others at the moment.

Mrs Overend: I welcome the Minister to the Committee. It is a good opportunity to bombard him with questions. I am sure we could keep him all day.

The Chair alluded to some of my points. Considering that schools' main method of reducing expenditure is through teacher redundancies and because they did not know their budget allocation until 2 March, I understand that, if they were to make redundancies this year, they would have to have done so before the end of February. This has created problems for schools. In the round, will the budget reduction have an impact on the entitlement framework, considering the number of redundancies that have to be made?

Mr O'Dowd: Over these last number of years, we have reduced the allocated budgets for the entitlement framework. We have not made that decision this year. We have not cut anything. About £4.5 million has been set aside for the entitlement framework budget to assist schools to move towards full compliance with the entitlement framework. Schools can be confident that that budget is there for them this year.

The reduction in the aggregated schools budget has to be measured against the other factors I mentioned. Of course, I would much prefer to be sitting here saying that we have a 2% — or x amount — increase in the aggregated schools budget. It is simply impossible. I have been Minister for five years and throughout that period there has not been a real-terms increase in the Education budget. We have been dealing with reductions year on year. That has an effect where you can deal with funding packages that were not directly impacting in the schools, although they were impacting positively on education. The majority of those have now been reduced or cut completely, including Bookstart and other projects such as that. I am then left with a number of major funding blocks — the block grant to the EA, the ASB funding and a number of others — to which I have to make reductions.

I have somewhere in the region of a 2.7% cut to the Education budget. I have made a 0.8% cut to the aggregated schools budget, so they have been spared the worst impacts of the Education reduction. Is it going to have an impact on education? You have to measure that against the £12 million potential savings from the voluntary exit scheme. I hope that we get the teachers restructuring scheme off the ground, and, even if we save £5 million this year, there is a £17 million reduction.

You referred to teacher redundancies this year: I am of the view that that scheme does not have an impact because of the notification on 2 March that schools could and should continue to apply for the voluntary exit scheme. That can be worked through. All those saving potentials are there for schools, but, yes, there is still an impact on schools in relation to the reduction of budgets going into the future.

Mrs Overend: Talking about the future, how do you feel the funding for this financial year will affect the funding for the next financial year?

Mr O'Dowd: When you project into the future, there will be a continued reduction in the Executive's block grant over at least the next two or possibly three years and then a rise in the following year. Unless there is a dramatic change of mindset by the Conservative Government in Westminster, I suspect that we will continue to see reductions across the public sector as a result of that. That calls for political parties in this society and others to decide where the priorities are for our public administration going into the future. I would strongly argue that health, education and the economy are areas that we have to continue to invest in, but that is a decision that the next Executive will have to make, as well as political parties and observers. There is one thing we know for definite: public sector spending will reduce over the next number of years.

Mrs Overend: OK, thank you. I want to ask about the second call of the shared campus programme. Do you have any indication of when the outcome of that will be known?

Mr O'Dowd: It is joined, in many ways, to our discussions with NIO and DFP about the Fresh Start money and the £50 million a year that has been allocated to shared and integrated education projects. Those discussions are working their way through very positively, and I hope to be in a position before purdah kicks in to make a joint announcement about how that money will be spent in the next number of years and which projects it is going towards. The shared education campuses will be an integral part of that.

Mrs Overend: OK, thank you. May I touch on another subject?

The Chairperson (Mr Weir): Go ahead.

Mrs Overend: Minister, I know that you were at a 'Volunteer Now' Millennium Volunteers awards ceremony recently; I was at another one. How much do you value the volunteers and the funding of that Millennium Volunteers programme? Going forward, can you give some assurances about that programme?

Mr O'Dowd: I have not made any reductions to the volunteering programme in this financial year. Obviously, I think that the volunteering programme is a very good one; it gives our young people a broader width of skills and gives them confidence and communication skills that they do not necessarily always accumulate through what is known as formal education. Most importantly, it gives them an opportunity to contribute to society in a very positive way. Some of our media could maybe pay a wee bit more attention to it, because too often our young people are portrayed negatively in the media. Here we have thousands of young people going through a voluntary programme to assist, in many instances, the most vulnerable in our society.

Mrs Overend: I thank the Minister for that. Our young people have much to contribute to society, and those organisations in the youth sector really need our support. There has been some uncertainty for many of the organisations that the Youth Council previously funded. You decided to bring that within the Education Authority, and there is some uncertainty for a number of those organisations. When will that be confirmed?

Mr O'Dowd: You will note from the budget paper that I gave you that I am transferring the Youth Council funding in its entirety to the Education Authority. I am also ring-fencing it for the purposes that were previously carried out by the Youth Council in terms of the regional voluntary youth organisations and other organisations that it funded. The EA will have to make decisions, as the Youth Council did every year, on the level of funding and the bodies it provides that funding to. That was normal practice for the Youth Council in any financial year. The EA will have to make those decisions in the coming financial year. A partnership group has been set up bringing together the EA and representatives of the regional voluntary youth organisations to ensure a partnership approach going forward. I am of the view that, if we had not transferred the Youth Council into the EA this year, we would have had to make a further reduction to Youth Council funding in the future. By moving it into the EA, we have been able to protect the funding for the purposes it was used for.

The Chairperson (Mr Weir): I would just like that to be clear on the record, Minister, because I know that there was concern as regards that funding for youth organisations. Certainly, from the contact that I have had from them, the issue appears to have been resolved. Just to clarify, in 2015-16, there

were 36 organisations at a regional level supported by the Youth Council, to the tune of £2.7 million. You might confirm that £2.7 million has been ring-fenced for 2016-17 and that, therefore, each of the 36 organisations will receive the same amount as in 2015-16. Obviously, the EA will then have longer-term decisions to make.

Mr O'Dowd: I can confirm that the funding has been ring-fenced. However, in any financial year, the Youth Council had to look at its funding, its priorities, the applications and the role each of the voluntary organisations was carrying out before making a decision on how much to fund them, as it would have to do if it was still managing the funding. There was no guarantee under the status quo that the funding would remain.

The Chairperson (Mr Weir): I want to be clear. Those organisations are looking for just a little reassurance for 2016. I understand that that probably has been provided by officials, but it may be useful to put it on the record for the sake of clarity that the £2.7 million, certainly for 2016-17, will continue to those 36 organisations.

Mr O'Dowd: I have a pot of £2.7 million set aside for the voluntary organisations. It will be up to the EA to provide each youth organisation with its funding.

The Chairperson (Mr Weir): I am just checking whether you have altered or reinforced that in any way.

Mr O'Dowd: No. There are a number of organisations, and it happens towards the end of every financial year. They will receive a letter from their funding authority saying, "We cannot confirm funding going into the future. You have to place your staff on protective notice etc". That causes concern every financial year, and, until budgets are confirmed by the funding authority, that is the process. However, I have provided the funding to allow the EA to fund the organisations. The decision will then be made on what scale they are funded to.

The Chairperson (Mr Weir): The money is ring-fenced anyway.

Mr Lunn: Thanks, Minister, and welcome to your last Committee meeting.

The decision about the special schools just came to light overnight. I have a fairly simple question, and I know that you have expressed your view that the Education Authority has not perhaps followed the process in the way that it should and you have asked it to go back and review. In simple terms, whose decision is it? Is this a decision that they can take on their own without reference to you, or do you have to endorse the decision? What it is proposing seems quite astonishing, and I got the impression from your comments, without wishing to prompt you, that you were not that pleased about it either.

Mr O'Dowd: The EA is perfectly within its remit to make such decisions. The legislation sets out the role of the EA, and its role is to provide services to the special educational needs sector and to young people with special educational needs. That is its statutory role. My concerns about the process have been that I do not believe that processes were properly followed. I think that they made an error of judgement in relation to the Learning to Learn policy. It is not designed to deal with preschool education in the special educational needs sector. I think that there is an error of judgement there. I do not believe that the consultation was properly carried out in relation to the final decision that came about. Particularly on such a sensitive issue, proper consultation is key to going forward. As you said, I have asked it to return to the drawing board in regard to that.

There are 29 special educational needs schools. Is it 29 or 39? I think that 29 make early years provision.

The Committee Clerk: I think that it is 39.

The Chairperson (Mr Weir): There seems to be confusion about that. I have heard 29 and 39 both being mentioned at various stages.

Mr O'Dowd: OK. We will confirm the figures for you.

Mr Kennedy: Less than 40.

Mr O'Dowd: Yes. We will confirm the figures for you. A significant number of them already make what is known as part-time provision. The decision that the EA made was to bring everybody down to part-time provision. There could have been another decision made to bring everybody up to full-time provision. That would entail significant investment in staff and, I suspect, capital for significant refurbishment or investment in the schools estate. All options have to be investigated before you come to your conclusion, and I am not sure that that was the case.

Mr Lunn: I do not wish to prolong it, but the system has evolved into a situation where you have different levels of tuition in special schools because some children benefit more from five hours and others, depending on their needs, may be able to work perfectly well with two and a half hours. I cannot see any rationale in those circumstances for either upping it to five hours or bringing it down to two and a half. Surely, it is case-by-case.

Mr O'Dowd: Yes. The role is to ensure that we meet the needs of the children involved. That is a discussion and a debate that has to take place, particularly engaging with special educational needs schools, the principals and the boards of governors etc, who are the experts in delivery in this area. I keep coming back to that point. I do not believe that proper consultation was carried out in that regard, so it is back to the drawing board, start from the beginning and work your way through the processes. After proper consultation and proper policy identification and scrutiny, you come to a decision, and, whatever that decision is, it will have to be defended.

Mr Lunn: I have a couple more, Chair.

The Chairperson (Mr Weir): I just want to pick up briefly on that point. I know that you wrote to the EA last night to ask for a review. What timescale do you see for that review? Does it mean that decisions on the hours will be made in time for 1 September? Parents and schools will want to have some steer as to where we are. I take on board Trevor's point that, particularly when you are dealing with special educational needs — I do not need to tell you that it is such a wide spectrum — one size does not fit all. That is the particularly inappropriate nature of simply having a blanket position. What do you see as the timescale?

Mr O'Dowd: At least eight weeks' consultation is required. That is the minimum consultation required for a shift of policy. In the lead-in to the consultation, a policy will have to be developed by the EA. That will take time, and there should be pre-consultation even in relation to developing that policy. Then you are into your eight weeks' consultation, and you have several weeks after that to examine the consultation responses and decide on the way forward. It will not be a quick process. It will take several months to conclude. My view is that, moving forward, the status quo in relation to the provision already being made by schools remains. The EA may be able to work through that process more quickly.

In fairness to the EA, one of the reasons why it made the decision is that there is an increased demand for preschool education in the special needs sector, and it is doing its best to give everybody some provision, but I want to emphasise that it has to be the proper provision moving forward. There may be additional pressures on the EA as a result of delaying the decision. We will have to work that through with the EA. The Department is open to discussions with the EA on that.

The Chairperson (Mr Weir): Trevor, I know that you had a couple of other points.

Mr Lunn: If the Minister was anticipating what I might ask him, he will have come up with one of these. The impression that I get, without wishing to get a commitment from you, is that the emphasis for the £500 million for over 10 years for shared and integrated capital projects may well be on shared projects. You have talked about the shared campuses and so on: obviously, a huge amount of money is still required, even for the initial one — the Lisanelly project. Can we expect that there will be any equality or balance in the funding that is provided for the two sectors from that fund over the next 10 years? Will it just be project-by-project?

Mr O'Dowd: It is how we identify the building needs of any school. The emphasis on shared education has not yet developed fully. I believe that the integrated sector will be pleasantly pleased in the initial calls and initial funding about the investment that is going into it, and many of its schools have been waiting for a significant number of years for investment. A number of those schools are basically Portakabin cities. We want to move beyond that and give them permanent infrastructure and buildings. I think that the integrated sector will be pleasantly surprised in the initial calls. It is hard to

predict, as the shared education programme develops in the next number of years, how many building programmes will come forward through that. The Executive have committed themselves to providing a number of shared education campuses. A significant investment is going into the Lisanelly campus, or the Strule campus as it is known now. The programme will develop as the programme develops, and schools will be funded on the basis of the merit and need at that time.

Mr Lunn: Yes, but — sorry, I do not want to interrupt you.

Mr O'Dowd: You will be more pleasantly surprised than I initially thought.

Mr Lunn: Are you going to make an announcement today?

The Chairperson (Mr Weir): As Chair of the Committee, I say that it is always good to get Mr Lunn pleasantly surprised.

Mr O'Dowd: The reason why I cannot make an announcement today, Trevor, is that the i's are being dotted and the t's are being crossed in relation to the agreement with the Treasury and the NIO —

Mr Lunn: That is fair enough.

Mr O'Dowd: — and I do not want to stall or damage those discussions at this late stage.

Mr Lunn: I did not expect that your swansong here would involve a major investment decision about the integrated movement. You said that some of the integrated schools had been waiting for a long time for capital investment. We all know which ones they are, and you have been at some of them. Will the funding for those projects come out of the normal capital budget, or will they have to wait for funding from the special fund that has been set up?

Mr O'Dowd: Over the last number of years, we have invested from the normal capital programme, as we have done with other sectors. In terms of major works and the SEP programme, we have significantly invested in a number of integrated schools. The shared and integrated education fund from the Fresh Start deal gives us the potential to increase that investment significantly. In the last number of years, it has been traditional funding; in the future, it will be from that Fresh Start funding.

Mr Lunn: So any integrated school that has not currently got an application in for an extension, rebuild or whatever will not have any prospect of getting that rebuild or extension from normal capital funding over the next 10 years —

Mr O'Dowd: I am not saying that.

Mr Lunn: I thought that that is what you said.

Mr O'Dowd: No; let me clarify. I am saying that, over the last number of years, it has been traditional funding. The Fresh Start funding gives us a huge opportunity to increase that investment, but I would not rule out the possibility of an addition to that from traditional funding. Spending £50 million a year in one or two sectors is a significant challenge. I would be surprised, going into the future, if we had to dip into traditional funding. However, if we do, that funding remains open to them.

Mr Lunn: OK; fair enough. We will wait for your major announcement.

Mr O'Dowd: Look at it in this scale: this year, we propose to spend £55 million on major capital works and £44 million on school enhancement programmes. That is roughly £100 million across all sectors. Next year, we will be able to spend £50 million in the integrated sector and for shared education. It is a huge investment.

Mr Lunn: OK. You are pleasing me rightly.

The Chairperson (Mr Weir): On that happy note, I suspect that the next person may not be so happy. Dolores.

Mr O'Dowd: Dolores is always happy.

Mrs D Kelly: The Minister knows me well. I want to pick up where Trevor left off on the announcement of the review of special needs children and preschool and nursery places. I think that Trevor's question was actually this: who will make the final decision after having gone through a review, the process of which almost equates to an internal judicial review. Who will make the final decision?

Mr O'Dowd: The ultimate decision is made by the EA. If we reach a situation like we reached yesterday, a Minister is perfectly entitled to intervene. The decision-making process is in the lap of the EA. It has to go through that process, but it has to be able to stand over the decision-making process.

My concern yesterday — it is somewhat like a judicial review, and we might well have ended up with a JR if we had not stopped it yesterday — was that the process had not been properly followed and there were references to policies that had nothing to do with early years education in the special educational needs sector. The legislation sets out that the decision-making process for special educational needs rests with the Education Authority.

Mrs D Kelly: Following, of course, policies set by the Minister and the Department.

Mr O'Dowd: Yes.

Mrs D Kelly: Ultimately, there is a responsibility on the Minister.

Mr O'Dowd: Of course. I commented today and yesterday that, in my firm opinion, the EA made its decision on the basis of the wrong policy.

Mrs D Kelly: You also said in your response that part of the motivation behind it was that there was increased demand for preschool places, yet, in the budget, there is no provision for an additional cost to meet that demand. That would be a fair comment.

Mr O'Dowd: Not necessarily. I committed £15 million of the £20 million that I received from the Finance Minister in February to the aggregated schools budget and £5 million to meet the pressures in the SEN budget. As has been the case over the last number of years, the Executive have supported bids made in the monitoring rounds to provide additional funding for SEN education. I expect that to be the case in the future.

Mrs D Kelly: The proof of that will come later in the year. The other point is the claim that there was a 0.8% decrease in the aggregated schools budget, and you mentioned the aggregated schools budget in relation to SEN schools. In real terms, given that schools are now expected to pick up the additional employment and pension costs, will the Minister concede that it represents an almost 8% cut in the schools budget in real terms?

Mr O'Dowd: If you are going to work out the mathematics in that fashion, I would throw it back to you that you should add in the £12 million cost savings from the VES scheme. You should add in the savings that will be accumulated as a result of the voluntary exit scheme in the 2016-17 financial year and the potential savings from the teacher restructuring scheme. There could be in the region of £25 million in potential savings in the schools budget as a result of that. If you add in the surplus in the schools estate of £50 million, that brings us to £75 million of funding one way or the other.

I am not for one minute suggesting that there are not significant pressures on the aggregated schools budget or on schools, but no additional money was given to the Department of Education or, indeed, to the Executive to deal with those pressures. If I were to directly fund them, I would have to take £30 million or £50 million from elsewhere in the education budget, and we would be sitting here talking about dramatic cuts to services that benefit our education system.

Mrs D Kelly: Nonetheless, given that there are roughly only three weeks until the start of the new financial year, schools are having to face in with real-terms cuts of 8%. They have to plan for that on top of teachers having to be trained in the new GCSE and A level equivalents, given your decision in relation to the English exam boards. For example, we learned last week that computing skills will not be available, as things stand today, to a new cohort of young people who hope to start studying it in September 2016. That is only one subject that springs to mind.

Mr O'Dowd: Working in reverse order, I do not agree with you that computing skills will not be available. I have not made that decision, and, if needs be, there is an option for schools to continue with that subject being awarded by the English awarding bodies in the 9 to 1 awarding scale, if that is required and CCEA has not got its qualification in place. There are options available to this Minister and incoming Ministers on that matter. The specifications of what are known as the English awarding bodies were changing anyhow; schools would have had to refresh their curricular materials and teachers' delivery of them anyhow. That was all coming at us. CCEA was also revising a number of specifications for their exams as well. All of that was coming at schools.

In relation to schools working through their budgets, schools usually get their budgets in or around the last week of February or first week of March, so there is no dramatic shift in the timing this year. Schools will have to plan accordingly over the next weeks and months and make decisions on how they deliver or allocate their budgets across the school estate.

The next Executive will have to make a decision on whether to go for a four-year Budget. If they go for a longer-term Budget, that gives schools the opportunity to plan three or four years in advance, and that is very beneficial for them. Those are decisions for the next Executive. We are in a peculiar position this year because we have only set a one-year Budget.

The Chairperson (Mr Weir): I am sorry to interrupt. I would just like to clarify the point that you raised on grading. I will leave aside the wider issues, where there is maybe some divergence between us. On the specifics, you mentioned the computer science GCSE, and I do not know whether this would apply in any other cases where, at this stage, there is still a gap in CCEA. Are you indicating that schools, for 2016-17, in those specific circumstances, will be able to carry on with the English awarding bodies and that, in limited circumstances, there will be a mixture of alphabetical and numerical grades? Is it something that has still to be considered and that no decision has been taken on?

Mr O'Dowd: It is an option. A decision has still to be taken. I want further information —

The Chairperson (Mr Weir): An option for you.

Mr O'Dowd: Yes. We have already engaged with the schools on the matter; all schools were communicated with. We said something like, "If you have an argument that you wish to present for continuing a particular course, please come back to us, present that argument, and we will make a decision on each case". To date, a small number of schools have come back to us in relation to a number of subjects and said, "We would like to continue this specification right through to finalisation". In a number of cases, we have said, "Yes, you continue that specification moving forward", but it has been only a very small number of schools.

The Chairperson (Mr Weir): I am sure that you will not accept this, Minister, but there may be some schools that feel they are not being listened to on the issue and wonder if there is any point in getting back to you on that. I leave that as a point.

Mr O'Dowd: OK.

Mrs D Kelly: Some schools are supposed to have a surplus of around £50 million. Some schools will be in deficit and some in surplus. How will that work, given the 8% cut and having to subsume the employment costs in each school? Can the Minister give us — maybe not today but next week — the deficit figures by sector for controlled, maintained, integrated, Irish-medium and voluntary grammar? That would be useful. How will that marry up?

Mr O'Dowd: Yes.

Mrs D Kelly: I have just one final point. Over the last two or three years, if not longer, some work has been done on school transport. There was a review, but I do not believe that it has been published. There was also the intent at one stage for the Departments of Health and Education to work collaboratively on the provision of transport. I just wonder where all that is and how a decision on those issues could have impacted positively on the budget.

Mr O'Dowd: The transport review has been published. The next phase will be going out to consultation on the recommendations that require policy changes, although the EA is working through

a number of the recommendations and looking at the options available. Over the 30-odd years under the education and library boards, one board had a different transport policy from the neighbouring board. The EA is now trying to harmonise those. There is ongoing consultation on a number of the recommendations from that, although, as I said, the policy change matters require full consultation and then, if decided, a policy change after that. In my opinion, savings are available in the transport budget, but, as with any proposal or policy change, I assure you that there will be different opinions around this table. Whichever Minister makes a call on it will be lambasted from the high heavens for doing so.

Mrs D Kelly: Is that why you have not made a decision, Minister?

Mr O'Dowd: I have spent the last five years being lambasted from the high heavens, so another lambasting will not do me any harm or good.

Mrs D Kelly: I am delighted that I got the opportunity. *[Laughter.]*

Mr O'Dowd: They have to be informed decisions, and the time that we had left in this mandate was not, in my opinion, suitable for making those decisions in an informed manner. The next Minister may or may not return to the transport review, but it will be hard to go past that and not return to it. Several studies and reviews have been carried out on collaboration between Health and Education, and there is a pilot programme in the Dungannon area between a number of the statutory agencies that will prove beneficial in its findings. If my memory serves me right, the initial savings that were estimated around that were not as productive as once thought, so all of those things have to be looked into. Was there another point?

Mrs D Kelly: That more or less covers the point around transport.

The Chairperson (Mr Weir): Appropriately enough, we are moving from transport to a former Minister for Regional Development: Danny, you are next.

Mr Kennedy: Welcome, Minister, and your posse of colleagues. I have a number of points. How did the Education Authority get it so wrong yesterday? It is quite a poor start, is it not? It is not that long established, and this was a major announcement. All of a sudden, you have had to intervene. Why do you think mistakes have been made so early?

Mr O'Dowd: I am not a spokesperson for the Education Authority, which has its own board and executive wing that the Committee will maybe wish to ask questions of. It will be able to respond in due course.

Mr Kennedy: Which you created, of course.

Mr O'Dowd: Sorry?

Mr Kennedy: The Education Authority is a structure that you created.

Mr O'Dowd: I think you will find that it was created by the Assembly. If memory serves me right, it was unanimously supported by the Assembly in the final vote for the Bill. Everybody has their own opinion on what structures we should have in place, but, to get agreement, you have to compromise, and everybody did.

Part of the answer is in the question, and, in fairness to the Education Authority, which was formed last April, it has gone through a massive programme of managing change. It has taken on a huge amount of work. It is working its way through that, and, in fairness to the board, it has worked more cooperatively and better than, I think, anybody expected at the start. In my opinion, the board is carrying out very good work in difficult financial circumstances. As I said, it is going through that change management programme, restructuring five bodies and attempting to deliver a single service across the board. I certainly do not accept that the Education Authority is failing. Like any new body, there are liable to be mistakes. I think it made a mistake in this instance, but, to find out why that happened, it would be more beneficial for the Education Committee to put those questions to the Education Authority.

The Chairperson (Mr Weir): We have written to the Education Authority, and, hopefully, we will have it with us next week.

Mr Kennedy: On the changes to the Youth Council, will you confirm that the money is ring-fenced and is now referred to the Education Authority for it to make the allocations? It does not automatically read through that the same people will get the same amount of money, but an amount of money has been ring-fenced for the Education Authority to allocate: is that a fair assessment?

Mr O'Dowd: That is right, and, as I said to the Chair, if the Youth Council had still been administering the money, it would have had to sit down and say, "We have this global amount of money. How are we awarding it and who are we awarding it to?". There is no change in process in that sense.

Mr Kennedy: You outlined what is in the paper to Executive colleagues that you are circulating in respect of the voluntary exit scheme. You outlined three options, I think. Which remains your preferred option?

Mr O'Dowd: There is a huge benefit in remaining with the principles of the original option. It could be expanded for up to five or six years. The savings are less the more years you go, but it still carries the principles of refreshing the teacher workforce scheme. I note that all the teachers' unions have corresponded with me this week, urging me to continue with the proposal as outlined originally but also making the valid point that we need to look at schemes to ensure that teachers who are finding difficulty in gaining employment and who fall outside that category are assisted in doing so.

One of the areas that I have concerns about is when I hear teachers in the media saying that they have been working temporarily in one school for 10 years. I ask myself why those teachers have not been made permanent staff. Why are they constantly on six-month contracts and how does that meet the expectations of the legislation around that? A working group has been established between the Department, the unions and the employers to look at that area to see how we can assist or ensure that employment legislation is carried out dutifully in those circumstances. If we stick as closely as possible to the original proposal, this scheme can run this year, next year and possibly for a third year. If we move to the basis of opening it up to everyone, we will lose the main principles of the scheme — refreshing the teacher workforce — and we are ensuring that the scheme will never run again, because there are financial consequences for the Executive going into the future. You make no savings whatever.

The Chairperson (Mr Weir): Trevor is looking to come in. Do you have anything further to ask on that point, Danny?

Mr Kennedy: Not on that one, but on associated matters. You can get back to me.

The Chairperson (Mr Weir): I will bring Trevor in and then come back to you.

Mr Lunn: I am sorry for butting in, but it is just for clarity, Minister. I was at two union conferences recently, as were you. When you say that the unions have written to you in support of the scheme, I think it is fair to say that it is in support of the principle of the scheme and they are not writing to ask you to support the scheme as currently proposed. Is that fair comment?

Mr O'Dowd: No. I would interpret their communications with me differently. At any conference of delegates, you will get differences of opinion expressed from the platform. The union leaderships had private meetings with me, and, in their recent correspondence, they are urging that the scheme should move ahead. Now, they preface that by saying that they want to see a scheme put in place that assists teachers who have not been able to gain employment over the last number of years to do so. However, I would certainly not read into that that any of the teachers' unions is saying, "Stop".

Mr Lunn: I was not suggesting that. They are not endorsing the three-year limitation.

Mr O'Dowd: Neither am I. This is the point that has been missed from the outset of the debate. The original commentary that I made was that teachers who have qualified in the past three years would certainly be able to qualify under the remit of the scheme. However, I am seeking to see how I can expand that as much as possible. That is what we have been examining over the last number of years. I am trying to expand it as much as possible to retain the principles of the scheme and make

the savings that I am required to make under the funding that is being used for the voluntary exit scheme.

Mr Lunn: Sorry, Danny. I am only trying to clarify my impression of what was clearly stated on those two conference days. I will leave it at that.

Mr Kennedy: I want to touch briefly on the issue of compulsory redundancies. Schools heard about the reduction in funding on 2 March. My understanding is that anyone interested in making a submission either from a school perspective or an individual perspective would have had to indicate that to their school by 29 February, given the timescales. How do you suggest that schools now deal with that, given that they have only just heard what their budget is and can now indicate whether a redundancy will be appropriate or will be allowed, given that time frame?

Mr O'Dowd: First, I am not expecting compulsory redundancies; I believe that we will be able to deal with these matters by way of voluntary redundancies throughout this year. Schools, if they believe that they require to access the voluntary redundancy scheme, should contact the employing authority — the EA, CCMS or whoever it may be — and work their way through the process. I am not of the view that that scheme has now closed down or that the opportunity to apply for voluntary redundancy has closed down. That opportunity remains with the schools. I know that there are timetabling issues, but, technically, a school can apply for a voluntary redundancy at any time of the year.

Mr Kennedy: I have just one final point, Chairman. Minister, I think that you had been in the process of doing the rounds with the teaching unions. At one of those gatherings, you appeared to exhort the membership to take action against academic selection. What kind of action do you mean? Do you think that is a responsible comment from a Minister of Education?

Mr O'Dowd: Annually, the unions pass resolutions opposing academic selection. I have been challenged at a number of union meetings recently and told, "You've been in office for five years and you haven't done away with academic selection. What are you going to do about it?". I reversed the question and put it back to the unions, saying, "You're opposed to academic selection. What are you going to do about it and what action are you going to take?". That has been interpreted by some as suggesting that they should take industrial action, but I was quite clear at the INTO meeting when that question was put to me: I said that there were significant actions the union could take from doing nothing up to industrial action. The decision on what action they take is a matter for the unions, but, in my opinion, doing nothing is not acceptable.

Mr Kennedy: Would you endorse industrial action as an option?

Mr O'Dowd: No. That is a matter for the unions. If unions decide to take industrial action in regard to any matter, that is a matter for the unions.

Mr Kennedy: So you are ruling out industrial action or that anyone should take industrial action.

Mr O'Dowd: No. What I am saying is that decisions by unions on what action they take are a matter for unions. I am not advising them to take industrial action. I am saying to them that there is a wide breadth between doing nothing and taking industrial action. There are a lot of things in between that they could do.

Mr Kennedy: But you stopped short of calling on them to take industrial action —

Mr O'Dowd: I certainly did.

Mr Kennedy: And you would not support it.

Mr O'Dowd: I did not call on them to take industrial action. Unions are involved at the minute in several elements around industrial action. I support the right of unions to take industrial action, and I am trying to work my way through several issues with the unions on industrial action. I may not agree with the reason for taking industrial action, but they are perfectly entitled to take industrial action.

Mr Kennedy: And you think that is responsible.

Mr O'Dowd: I worked with the unions over the last five years and, in my opinion, they act responsibly.

Mr Kennedy: OK, thank you.

The Chairperson (Mr Weir): OK, we have gone through that particular minefield. Dolores, do you want in briefly?

Mrs D Kelly: I remember the bit that was not answered. It was about the aggregated schools budget and the fact that some schools will be in the money and others will have a deficit. How will that be managed if they all have to implement the 8% reduction in their school budgets?

Mr O'Dowd: We have 1,130-odd schools, and there will be a variety of reasons why schools are in surplus or in deficit. The managing authorities engage with the schools to ensure that, if they are in deficit, they have a plan to work their way out of it, and, if they have a surplus, they have a plan to reduce it to the accepted level. That is how it will be worked through. I cannot sit here and say, "School A is in deficit, so I tell you what: we'll give them less of a cut because school B has a surplus". I would want to know why the school is in deficit in the first place, and there will be a variety of reasons for that.

Mrs D Kelly: Surely the Department should have a better workforce planning module and know the answers to that already.

Mr O'Dowd: No. First, the Department does not employ any teachers. It goes back to one of the questions from the Chair. Schools in this society have significant delegated authority. They have delegated authority over their budgets through the local management of schools scheme. Schools are delegated that budget, and it is the legal responsibility of the school to manage its budget within the framework.

Mrs D Kelly: Except that schools in Northern Ireland have 59% of the overall education budget whereas, and I know it is not like for like, but —

The Chairperson (Mr Weir): I want to move on —

Mr O'Dowd: It is nothing close to like for like; it is comparing apples and oranges. There is no comparison.

The Chairperson (Mr Weir): OK, we will move on. At least three other members want to speak, and I want to give them a fair shot.

Mr Newton: I welcome the Minister and his staff to the Committee. I welcome the investment that you have announced or confirmed in the budget for new-build schools. However, where I find a huge number of complaints from schools is around the maintenance budget. Maybe you would confirm whether there is an increase for that; I cannot find it within the figures given. Could you say some words around how that would be prioritised?

Mr O'Dowd: We have allocated £14 million to our maintenance budget. Over the last number of years, we have been very successful in gaining uplifts during monitoring rounds for maintenance. It will be prioritised on the basis of need. If there are significant health and safety issues around a school or there is flooding or something like that, we would deal with it through the maintenance budget.

The best way to deal with the backlog of structural deficits in our schools is through the minor works programme, through the SEP and, ultimately, through major capital investment. Over the years, we have had a reduced maintenance budget, but there has also been significant investment from other funds in our schools estate.

Mr Newton: We had to campaign for Dundonald High School. Part of the problem for Dundonald High School in attracting pupils was the fact that the maintenance of the school was not being done. Parts of the school were quite deplorable, and any parent visiting the school would have been put off by that. There were other problems, I accept that. Now, Dundonald, with a degree of investment and with the appointment of a new principal, is doing extremely well.

We have now been hit with the situation at Tullycarnet Primary School, which held a meeting with parents on Monday evening. Minister, it is a strange decision: we are a few days off purdah, we are going into elections, we will have a new Minister and, all of a sudden, there is a meeting with parents and the school to give five options about the future of the school, with option five being closure of the premises. You know that the one that parents will walk out of the room with is the potential of the school closing. Words such as, "We have had no investment", "This school needs investment", "We need investment to encourage" permeated the conversation between the parents and the officials. The timing is bad. Potential closure is a perception that parents walk out with, and this is a school in a neighbourhood renewal area. It is difficult to understand, Minister, why that was done at this time. Would you like to comment on that?

Mr O'Dowd: I am reluctant to comment on an individual school in relation to area planning or possible development proposals coming forward, but the functions and duties of the Education Authority continue whether purdah is in place or not. Significant area planning issues have to be dealt with, and the Education Authority, CCMS, other managing authorities and secular bodies are working their way through those.

The ultimate decision, as you are aware, around the future of any school where a development proposal (DP) is published is with the Minister. They will have to take into account the consultation process, the information that has come back to them and the relevant policies etc, before making a decision. As I said, I am reluctant to get into the details of individual schools, but the role of the EA continues whether there is purdah or not.

Mr Newton: Can I raise with you Strandtown Primary School? I welcome the £2 million to £4 million that is being invested in Strandtown, but a new build for Strandtown was a priority for your predecessor. That was the promise, if that is not the wrong word, that was made. There was certainly a strong indication that Strandtown would receive investment in a new school. Having said that, it is a unique situation, with the three feeder schools of Belmont, Greenwood and Dundela, with the need for investment in those three schools probably within the same footprint. Investing in Strandtown Primary School, which I welcome, does not seem to make good economic sense unless it is tied in with investment in the three feeder schools to sustain the flow of pupils to Strandtown. It looks as if the economics of it have not been fully thought through to maximise the potential of the four schools for the area.

Mr O'Dowd: I understand, and I am just reflecting on the DP proposal that there would be a significant increase in the number of pupils attending Strandtown. We have funded the major refurbishment of that school with the £4 million from the SEP project. The SEP project came about because we had reducing budgets, and schools could either apply for a minor works programme, which is up to £500,000, or a new build. However, we felt that there was another way of doing things and that we should have a funding stream to invest in significant refurbishment, short of new build, for a school. The SEP scheme has provided that. The member will be pleasantly surprised when he sees the total of £4 million being spent on this; it is practically a new build. It is a complete refurbishment of the school. It is that option, short of a new build, that allows the Department to deliver more schemes and more refurbishment to schools at a reduced cost. Certainly, world-class, 21st-century facilities will be provided.

None of the other schools have applied for minor works or an SEP scheme. Given your concerns, the EA should look at what investment is required in those schools for the future, to ensure that they are fit for purpose and can continue to be providers to the school with the £4 million investment. The structure of the schools estate in that area is pretty well defined. I am not expecting a significant change in that school estate. If investment is required in the years ahead, it will have to take place.

Mr Newton: I welcome the Elmgrove/Avoniel decision. Hopefully, that will proceed at a pace and we have got over the problems there.

The management of the budget for special needs schools and its allocation have been raised with the Committee on a number of occasions, formally and informally. On one occasion, when I asked you in the Chamber, the answer was basically, "That's the way we always have done it; it's managed in a different way". Why might a principal of a special needs school not be allocated the budget at the commencement of the year so that he or she can manage that budget throughout the year rather than having to make applications during the year?

Mr O'Dowd: That is an area that needs to be reviewed, and it requires consultation. It is an issue that has been raised with me periodically — not by all special needs schools, but by a number of them. They want to ensure that their budgets have the same principles as those of mainstream schools. I have no fixed position on it. It is an area, which, I believe, could be open to scrutiny or review in future.

Mr Newton: I welcome that, and I think that the principals will welcome that, Minister.

We had a briefing, probably about a year ago, in which we were informed that we had an increase of 3,000 primary school pupils in 2014-15. The forecast for 2016 is a 4%-plus increase in the primary school pupil numbers, and we have a reduction of 50-plus in the schools estate numbers. What implication will that have for classroom sizes by the end of 2016 and into 2017, and what potential influence might it have on educational achievement?

Mr O'Dowd: It will depend on the applications to individual schools. If there is a significant rise in applications to a school, the board of governors has to decide whether the school can absorb those numbers. If it cannot, it can request a temporary variation, but, if it requests a temporary variation, it will be on the basis that it can absorb those numbers and have appropriate class sizes in their school. If it cannot absorb those numbers, we would have to look at the schools estate around that area and see if we can absorb the numbers there. Where we find a significant increase in demand for schools in an area, there is always the option of providing additional accommodation. That may be through minor works or through the SEP scheme. As we move forward with area planning, we are constantly reminding the educational authorities that they have to predict as best they can numbers going into the future and future-proof the planning of the schools estate.

The Chairperson (Mr Weir): OK. We need to move on. A few other members want to ask questions before 11.30 am.

Mr Hazzard: Thanks, Minister, for the presentation. I will try to find something different to say. I think that most things have been covered.

The Chairperson (Mr Weir): If you cannot find something, I am sure Robin will. *[Laughter.]*

Mr Hazzard: I will go back to the issue of the school surplus. You made reference to the fact that £40 million, £45 million or even £50 million was sitting there in surplus. I imagine that if a hospital was sitting on that sort of money, there would be an outcry. How is the system able to access that money? Is there any way that the Department can access the money? It is not supposed to sit in schools' banks; it is supposed to provide services for children. How do we access that money?

Mr O'Dowd: There is currently no legal way for the Department of Education to access that money. It is delegated to the schools, and, in many instances or, certainly, in some instances, schools will have an agreed plan to deal with the excess and are working it down. In other instances, there is no agreed plan, after a predicted fall in the surplus has not taken place. The global figure has not decreased significantly over the last five years. I think that I said to the Committee last year that schools had been telling me that it is for a rainy day. I said at that stage, "Well, it is raining. Please start spending it". It needs to be dealt with more strategically. In the last 24 months, the Department has put great emphasis on the Education Authority and CCMS dealing with surpluses by ensuring that plans are in place. I suspect that will continue into the future, but I suspect also that the patience of bodies such as this will eventually run out and questions will be asked on how we ensure that the money is either invested or retained by the Department of Education to invest in the schools estate going forward.

Mr Hazzard: Thanks. I heard somewhere that the Department of Health requires a 6% increase every year just to stand still. What is the figure for the Department of Education?

Mr O'Dowd: It is 2% to 3%, but, if somebody wants to give us 6%, we will take it.

Mr Hazzard: Yes, I am sure. We were talking about the rise in primary school places and increasing budgetary pressures. What sort of perfect storm is coming down the line if we do not see that investment? Do we reach the point where achievement starts to dip? How do we ensure that the Department receives that money?

Mr O'Dowd: What we have to do, particularly over the next three to four years, is plan with the knowledge that there will be continuing reduced budgets. We will have to do things differently. Some members referred to transport. Area planning has a significant contribution to make, as do imaginative schemes to restructure the workforce. The EA has been a huge development for future planning as well. Things will have to be delivered and carried out differently in the knowledge that we face a reduction in budgets. We have made adjustments to the aggregated schools budget this year, and we have given more money than in previous years to the primary and nursery school sector because of the increase in numbers. However, we are still dealing from the same pot; we are shifting money about rather than bringing new money into the system. Certainly, unless there is a change of heart on the part of the current Conservative Government, budgets will reduce; we have to plan with that reality in mind. It is the only way at this stage.

Mr Hazzard: There is currently a review of integrated education: will the outworkings of that create any budgetary pressures next year?

Mr O'Dowd: I do not know. Whoever makes the final decision on that review will have to take that into account.

Mr McCausland: Thank you. It is good to have the opportunity to put questions to the Minister.

Could you just spell out the sequence and the timeline regarding the £2.7 million that has been ring-fenced for the 36 organisations in youth services that were previously funded? Will there be decisions by 1 April?

Mr O'Dowd: The Education Authority will be informed of its budget. In total, it is £4.1 million.

Mr McCausland: Is that for the 36 organisations?

Mr O'Dowd: No; that is the entire previous Youth Council budget, which will transfer over.

Mr McCausland: The £2.7 million is for those organisations.

Mr O'Dowd: I understand that the relevant committee of the EA will meet on 7 April to make decisions on the allocation of that budget. However, the EA is aware that the budget is moving over. It has already been working in what is known as a partnership panel with regional voluntary youth organisations and the Youth Council to ensure a smooth transition from the Youth Council funding operation to the EA funding operation.

Mr McCausland: The date of 7 April brings it into the next financial year. If people are on notice at the end of the year, how do you anticipate that working out in practice?

Mr O'Dowd: If people have been put on protective notice, I would expect that to have been issued with that knowledge. In previous years, particularly with the Youth Council and the youth organisations, their budgets may not have been confirmed until a couple of months into the new financial year, and they may have had a three-month allocation of funding as they move forward. I suspect that the same will be the case in the current circumstances. They will not get notification of their entire budget until the funding authority is ready to do so, but they will probably be allocated a three-month transitional budget.

Mr McCausland: Would that be allocated before 31 March? If the committee is not meeting until 7 April —

Mr O'Dowd: It would have to be allocated before 31 March. That decision is an administrative one that can be taken by the EA.

Mr McCausland: OK. Are all the organisations represented on the partnership panel, or is it just a sample?

Mr O'Dowd: I think that we have informed the Committee of the list before.

Ms Brenda Shearer (Department of Education): Yes. It is YouthAction, the Northern Ireland Youth Forum, the Boys' Brigade and the YMCA. The Youth Council is on it as well.

Mr McCausland: Were they selected by the organisations to represent them, or were they picked by the EA to represent the sector?

Ms Shearer: The Youth Council picked three representatives. The Department asked the Northern Ireland Youth Forum and YouthNet to be on the panel as representative bodies for children and young people and the sector.

Mr Craig: Thanks, Minister. The news that you got some additional capital funding was good, and I know that you intend to make announcements about that. Will the secondary sector get any capital funding from that?

Mr O'Dowd: Not if I go ahead with this announcement.

This will benefit the secondary sector in terms of major capital announcements in the future. I assume that the next Minister will want to reflect on what capital investment is required and plan what they will do in the future. That will be a huge opportunity, and there will be an opportunity for the secondary sector to move forward. The announcement about allocations for the school enhancement programme and the minor works programme also includes significant investment in the secondary sector.

The Chairperson (Mr Weir): To clarify, earlier, before Jonathan was here, you mentioned that you were considering whether you will make an announcement about the primary sector. That would obviously be a proportion of the overall capital, which, if it were made, would leave a certain amount of money for the broader secondary sector.

The other thing — obviously I say this with my constituency hat on — is that there is one clear project, without talking in more than generalities about it. If a particular project were to cross primary and secondary schools, where would that fit in with any potential announcements?

Mr O'Dowd: Let me make it clear: for announcements made at this stage, the actual spend will only take place in 2017-18 and 2018-19. There are projections, and you work your way forward with those projections. It is also worth noting that the projected capital increase for the Executive is somewhere in the region of 12%. That is a huge increase in our capital investment going into the future, and I think that there is a huge opportunity for education to secure more capital funding going forward. There will be continued investment in the secondary sector. As I said, for any announcement that I make now, the spend will not be for a couple of years.

Mr Craig: I get that, Minister, and I have no issue with it. My big concern is that, about a year ago, you made the announcement and purchased the site for Dromore High School. There was capital spend on that, yet the site is sitting idle because there has been no further approval of the overall project. I have no doubt that the Audit Office will take a look at that. I wonder whether, even at this late stage, you are capable of making some announcement on that. Could it be done?

Mr O'Dowd: No, but Dromore High School is in an opportune position now. We deliberately bought the site in the knowledge that, within a relatively short time, an announcement would be made to move towards a new build. The school desperately needs a new build. It took a bit of time, and, in fairness to local representatives, a site was eventually identified. We purchased it because we wanted to have it in our portfolio for that very purpose. I have always been prudent about the announcements that I have made, because I want to ensure that they are delivered within a reasonable time. A considerable amount of work is going on in Philip's branch at the minute. We believe that we could facilitate this primary announcement to move them forward quite significantly, and I think that it is a matter of months to move them on or to get them to a stage where the next Minister can say that he or she is ready to make an announcement. Post-primary schools will doubtless be involved in that announcement, and, given the position of Dromore, I suspect that it will be in with a good shot of getting an announcement.

Mr Craig: Minister, I had a meeting with the Education Authority around this and was told very bluntly that, until the Minister makes an announcement on the actual spend on it, it cannot move forward with the planning permission and with a lot of things that have a huge lead-in time. It is unfortunate.

Mr O'Dowd: That is the case, but, in previous years, we spent millions of pounds preparing cases for new builds that never went ahead.

The Chairperson (Mr Weir): Very finally, I am conscious that I cut off one member, Robin, midway through his tenth question. In the couple of minutes left, I will hand back to Robin.

Mr Newton: Thank you, Chair. That is very gracious of you. My question is around the figures of the increase of 3,000 primary school pupils in 2014-15, the 4% increase that is forecast for 2016, the reduction in the school estate by 51, I think the figure is, and the reduction in the number of teachers. The impact on class sizes must be significant, and the quality of the education must be affected by the class size. Under what you are calling the investing in teachers workforce programme — the voluntary exit scheme — 500 experienced teachers will go out and be replaced by 500 less experienced teachers. Why can we not just hold the 500 experienced teachers in place? It is my understanding that they will retire at 60.

Mr O'Dowd: They have the option to, yes.

Mr Newton: They have the option to retire at 60. We then would have that £33 million-plus to invest in the teaching workforce. With the reduction in the numbers and the reduction in the experienced teaching staff, we have an opportunity to do something that will produce a world-class system rather than looking at education purely as a cost to us.

Mr O'Dowd: I do not believe that we are looking at the teacher restructuring scheme purely on cost. Although there is no doubt that we are letting go of older teachers who are hugely experienced, each case will have to be approved first by the board of governors of the school to allow them to go. It is how we fund the scheme that is the rub. It is from the £33 million that we have from the voluntary exit scheme. That scheme was established and funding given by the British Government to reduce costs in the public sector and to reduce the number of workers in the public sector. We are using it in a very imaginative way. We are reducing costs, but we are maintaining numbers, and, crucially, we are making savings.

If the scheme were to go ahead as planned and we were able to establish £9 million in savings this year, that would give us £9 million more that we could spend on education, plus we have 500 recently qualified teachers. The numeracy and literacy scheme showed us that recently qualified teachers are excellent teachers. Their input to schools was praised everywhere they went. If we save up to £9 million a year, there will be £9 million more to invest in employing teachers and classroom assistants.

On your point about the 3,000 extra pupils coming on board, we also have a significant number of empty school desks. Pick your number, but it is in the tens of thousands.

Mrs D Kelly: That is a matter of some dispute.

Mr Newton: It is a matter of some dispute.

Mr O'Dowd: I invite the Education Committee to read the most recent report from the Public Accounts Committee and then make up your own mind on that. If there is a dispute about it, nobody is disputing that it is in the tens of thousands — the tens of thousands.

The Chairperson (Mr Weir): Not only do we have the signature project, we seem to be touching on literacy and numeracy quite a bit today.

Mr Lunn: On the back of that, Minister, as you leave office, do you have any regrets about the fact that, over the last number of years, we appear to have trained about twice as many teachers as we need? If you were the Minister going forward, would you be prepared to look at that again?

Mr O'Dowd: You got a good sideways question in there, Trevor. I keep coming back to the point that all of the evidence shows us that, if we reduce our numbers and close one or two of our teacher training colleges, young people who want to be teachers will get on planes or boats to Britain or will go down south to train to be teachers. Guess what? The majority of them come back here anyway. That is the balance that we have to decide on.

Mr Lunn: OK. That was not really an answer.

Mrs D Kelly: No, not really.

The Chairperson (Mr Weir): On that note of possible disharmony, Minister, thank you for your time today.