



Northern Ireland
Assembly

Committee for Education

OFFICIAL REPORT (Hansard)

First-day Briefing: Department of Education

29 January 2020

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Mr Chris Lyttle (Chairperson)
Ms Karen Mullan (Deputy Chairperson)
Mr Maurice Bradley
Mr Robbie Butler
Mr William Humphrey
Ms Catherine Kelly
Mr Justin McNulty

Witnesses:

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|---------------------|-------------------------|
| Mr Gary Fair | Department of Education |
| Mr Philip Irwin | Department of Education |
| Ms Lianne Patterson | Department of Education |
| Mr John Smith | Department of Education |

The Chairperson (Mr Lyttle): I am glad to welcome from the Department of Education Lianne Patterson, deputy secretary; John Smith, deputy secretary; Gary Fair, director of finance; and Philip Irwin, director of investment and infrastructure.

I invite you to make three short presentations of no more than 10 minutes each. I suggest we start with Lianne, followed by Gary, followed by Philip and John, after which we will take questions on each presentation, if you are content to proceed in that format.

Ms Lianne Patterson (Department of Education): Thank you, Chair. First, thank you very much for the invitation to attend the Committee today and to provide an overview of some of our key departmental business. As the Chair said, my name is Lianne Patterson, and, in my role as deputy secretary, I have responsibility for a range of central corporate functions, which include finance; the capital programme; area planning; primary and post-primary admissions; and teachers' pay and pensions. My director colleagues with me today are Gary Fair and Philip Irwin. Shortly, they will be presenting on finance and capital respectively. I would like also to introduce Janis Scallon, who is the director who leads on area planning, and Mark Bailey, who is the director in my area who oversees teachers' pay and pensions. They will be happy to brief the Committee in future sessions on the programme.

In my introductory comments, I want to say a few words in two main areas. The first is on transformation, and the second is on the area-planning project work that we have been doing. At the end, I will be very happy to take any questions on anything.

I will start with the education transformation programme. I am aware that the Minister described his preferences on this area at the start of the early session, so I will not rehearse too much of that. You have also seen the paper that was received in advance. By way of background context, the programme originated during the absence of Ministers to consider a range of issues so that proposals would be there for Ministers' consideration on return. It was not about officials setting an agenda. Rather, we wanted to take the opportunity to focus on a number of issues that, according to the feedback from stakeholders and our own analysis, needed to be attended to.

There is quite limited funding for the programme. Just £1 million was spent last year, and £3 million is available this year, so it is not the major transformation that is referred to in the 'New Decade, New Approach' document. Rather, we are seeking to do continuous improvements and to work at the areas that we know need to be improved within this finance envelope. As the Minister said earlier, he will now consider whether and how the projects align to his emerging priorities and, above all, with any post-New Decade, New Approach transformation programme. A positive feature of the programme in the work that we have been doing has been the number of individual projects that we have been able to work on in partnership with stakeholders across the sectors. I know that Gary will pick up on this later when he describes the work done on the review of the common funding scheme project.

In closing on the transformation programme, I wanted to let the Committee know that, starting next week, there will be a gateway review, which is really by way of a health check on the programme. Coming out of that gateway review, a report will be issued to Derek Baker as permanent secretary and SRO for the project. He will be more than happy to share the outcome of that review with the Committee in due course.

In closing, the transformation programme by no means represents the totality of the policy work going on in the Department, and, as you are aware and will have covered in the earlier session, there is much going on in areas such as tackling underachievement and SEN and other areas that will be picked up in future weeks in briefings from colleagues.

I will move on briefly if I may to area planning, which is under my remit. As you will know, area planning is the process of strategic planning of primary and post-primary education provision and contributes to the draft Programme for Government outcome 12:

"We give our children and young people the best start in life".

Robust area planning needs to be undertaken on a whole-system basis, and there are well-established planning engagement structures to facilitate gathering views from as wide a range of stakeholders as possible. However, despite these structures being in place, the Department fully recognises that area planning is a complex matter and needs to be handled with sensitivity, working with communities through the process. We recognise as well the need for an injection of pace into the area-planning process. We still have too many small schools and significant numbers of schools that fall below the sustainability thresholds. Progress and our processes are too slow, and, in that vein, we have been working with our planning authorities under the DE transformation programme on a project entitled Delivering Schools for the Future. This is to improve the overall efficiency of the project and the process.

I want to highlight the three strands within that project. Strand one looks to increase the pace through a more collaborative approach and better planning. Strand two seeks to identify barriers to effective planning and the publication of development proposals and to shorten the long period that exists at the moment. Strand three seeks to update the sustainable schools policy to reflect the current context.

We have accumulated a significant volume of evidence that identifies barriers to effective and efficient area planning, and we are working to bring forward proposals to strengthen policy, practice and guidance to improve the process. We look forward to sharing and engaging with the Committee on those as we go forward. Further detail on the project has been provided in the transformation paper in the pack.

I will close by saying that we have a wide bank of information and very interesting infographics on area planning and particularly on the projects that we are doing to increase the pace. We would be very happy to provide a further briefing in future sessions, if the Committee so wishes. Thank you for your time. At this point, I will pause. I will pass to Gary and then Philip to cover other areas of my remit, but I am happy to take members' questions at this stage.

The Chairperson (Mr Lyttle): Thanks very much indeed, Lianne. It would be good to take a moment for some short questions.

Area planning is obviously absolutely essential to the transformation process. There is significant concern that, to date, it has failed to deliver the reform necessary for a more sustainable and integrated education system. You mentioned that work had been done to identify barriers to efficient area planning. Will you advise the Committee what some of those barriers have been?

Ms Patterson: Yes, certainly. We would be more than happy to share the papers on the barriers work that has been done in conjunction with our stakeholders. One of the key barriers that we have identified is the fact that the actual process, end to end, is long. It obviously requires consultation with the key stakeholders and bringing people along with the process. However, it is not necessarily the case that we can bring things to a close and, therefore, they have a tendency to just develop and unravel. It is then difficult to bring separate stages of the process together, close them and move on to the next process.

One thing that we will be looking to bring out of the barriers piece is to say, "How can the sectors work better together?". That is one of the key things that we have identified. We need the sectors to be able to come to this and work collectively and to look at a system-wide solution as opposed to individual sectors. As I say, we are more than happy to provide the Committee with a further detailed paper on the barriers piece. It has been about how we can streamline all the different pieces of the jigsaw that work in that period to try to shorten the overall process.

The Chairperson (Mr Lyttle): Are there good examples of work to overcome those barriers? I am aware of the Ulster University community conversation toolkit. Are we seeing some examples of how we are beginning to overcome those barriers?

Ms Patterson: Yes, we are certainly seeing some examples. Even in some of the shared education campuses, which I think Philip will touch on later, we have seen really good examples. One of the key things is that, where communities have a will and desire to work together, that impacts hugely on the efficiency of the area-planning process.

The Chairperson (Mr Lyttle): I would certainly like to take a more detailed briefing at a later date. I will bring members in at this stage.

Mr Humphrey: Thank you very much for your presentation. Can I ask the Department to give us some advice on the education transformation programme and put meat on the bones of the Delivering Schools for the Future work strand?

Ms Patterson: Yes, that project is within area planning. There are the three strands that I already articulated. The first strand is seeking to increase the pace, and that is looking at how we do our annual planning process. A policy paper looking at our planning cycle will shortly come to the Minister. We are on a planning cycle of three years. There is a view that we would be more efficient working with slightly longer-term time frames, and we might be better looking at five years to enable us to identify clear deliverables within that period. Sometimes, three years does not allow us to do that. The second strand of Delivering Schools for the Future is to seek the barriers piece to look at the barriers that are stopping us. That is the piece that the Chair referred to: what are the barriers, and how can we work collectively?

Mr Humphrey: Is the programme designed to accelerate area planning?

Ms Patterson: Absolutely, yes.

Mr Humphrey: I raise that because, obviously, all politics is local. For some time, there has been talk of the area plan for primary education in greater Shankill, which straddles the North Belfast and West Belfast constituencies. I have been in meetings with officials, including Mr Irwin, about this. There has been no movement on that, and this has been talked about probably going back six or seven years.

Ms Patterson: Yes, and I am aware of the context of that.

Mr Humphrey: What actually happens then is, if I might use an example, we are in a situation where Glenwood Primary School, which is the prime hub school for greater Shankill — 550 pupils — is in an

appallingly Dickensian state. There are windows that have no windowpanes. Fungus is growing on the inside of walls and from the floors. A classroom is no longer used because it was affecting the teacher's health with respiratory problems. I have had officials from the Department and the Education Authority at the school. I sent in a dossier of photographs about the state of the school. It is appalling. There has been talk of investment there for some time. Part of the school is listed, part of it is not. There was an appalling new build in the 1960s or 1970s. I think that you are itching to answer the question, Mr Irwin.

Mr Philip Irwin (Department of Education): I will give a bit of background. You are right. The issue with that school and progressing the new build — it is on a new-build list — relates to area planning and sorting out area-planning uncertainties. My understanding is that a lot of work is going on in the background between the EA's area-planning team and the Department. A business case is imminent with us. In fact, it has been in draft with our —.

Mr Humphrey: I have been told that it has been imminent for some time, Mr Irwin. That is the problem.

Mr Irwin: I know, and we are not over the line yet. My understanding is that the issues that were raised were all around area planning, and we have had those conversations in the past. My understanding is that the EA is now proposing an alternative solution to one that had been talked about when we met you. The economists in the Department are content that that proposal can now be taken forward. That said, going back to your original point, whatever the plan is, it still needs to be implemented to allow the project to move on.

In parallel, again, as we agreed, we have been taking forward the technical feasibility work on the school because it is also one of the most difficult projects to do. It is a big school on a constrained site. There are no site alternatives that we have been able to identify, and it will be a particularly difficult project to implement a new build for a school of that size while a school continues to operate on the site, but the technical feasibility work for that has been done and has informed the business case. That work has been going on in the background, but your original point, I suppose, still stands. It will need the area-planning piece to be implemented.

The Chairperson (Mr Lyttle): Very briefly, I respect the care that you have taken to attach this to the policy issue of area planning, but I just ask for us to focus on the policy matter, or we may have a list of schools from all members coming forward.

Mr Humphrey: Yes, but the point is, Chairman, with respect, I absolutely understand that civil servants will come and set out their stalls, particularly at the start of the mandate, as we are at, but, practically, on the ground, for Mr Wright and his staff in the school, and for the pupils who attend that school, these are the difficulties of this policy not working. My point is that the policy is designed to accelerate area planning. Let us get on with that in greater Shankill because the failure to develop area planning and take it forward has meant that this school and others are caught in the same problem across the city and the country.

Ms Patterson: I do not disagree with the views that you are expressing about the need to speed it up. Absolutely. We need to be mindful of bringing stakeholders with us, and, very often, we need to make sure that the communities are content to move the process forward, which is really what the barriers piece is about. It is about giving us more levers and tools to be able to close one stage down and move on to the next one to avoid that drift, if you like, that creeps in at each stage. I totally accept, however, the point that we want to speed things up.

Mr Humphrey: Finally, Chairman, I have written to the Minister about the situation and invited him to the school to see the problems at first hand. I encourage you to make haste where there has been none in the past.

Ms Mullan: Thank you, Lianne. Sorry I missed the start. I have a number of questions. On the review of home-to-school transport, you talk about options being explored and looking at PFG outcomes. Do those options include families on lower incomes? Transport costs should not be a barrier to education.

Ms Patterson: Is it possible, Deputy Chair, to take that question away today and come back to you? The reason is that Fiona Hepper, my deputy secretary colleague, is unable to be with us today as she

is on leave that was prearranged many months ago. That issue is on her side so, if you do not mind, I will take it back, and we will get you an answer.

Ms Mullan: No bother. I have a couple more questions that I did not get to ask the Minister, so you may have to come back to me on those as well. On special education needs in Irish-medium education, there are no learning support units in any Irish-medium schools and no Irish-medium-specific assessment tools. Will you outline whether the Department has any plans to address that?

Ms Patterson: Again, I am really sorry, but I will take that away, and we will get back to you very quickly.

Ms Mullan: This is another issue that you will probably have to come back on. We will get an update on SEN in the next couple of weeks, and we will go into more detail then. It was announced this week that there will be an extra £10 million through the monitoring round. At that future briefing, can we get the full detail of how that will be allocated? I know that it is a big budget, but how will that work out, what impact will it have, how will it benefit schools and how will it benefit children? Can we get the full detail of that and the timelines?

Ms Patterson: Absolutely. I will take that back. We will work in conjunction with our EA colleagues, who will be the people putting the money into the system. We will get you a breakdown for that evidence session.

The Chairperson (Mr Lyttle): That question has been asked by many people, so thanks for asking it, Deputy Chair. We would be grateful for that level of detail in response.

Mr Butler: Thank you so much, guys. I have a question on transformation and on area planning. I will ask them both, and you can just refer back, if that is OK. That is a skill that I do not possess, by the way.

On transformation, what work has been undertaken on the projects — I know that the budget is limited — to look at using technology as a useful vehicle for a twenty-first-century approach, not just to education but shared education specifically? Technology has moved on to allow us to view shared education and coed as they have not normally been seen. Is specific work being undertaken or likely to be undertaken?

When the Minister and the permanent secretary were here, we talked about area planning. I suppose that area planning is not the destination. I imagine that some agility will need to be built into policies and processing. If you look at the temporary variation (TV) policy in particular, you see that it was described as "clunky" and "inefficient". Is any work being done to develop policies that still need to be embedded but be much more agile in order to allow us to react more quickly and more appropriately to changing demographics and social needs?

Ms Patterson: Thank you for the questions. I will start with transformation. A dedicated project is looking at education technology services. That is very much being led by EA colleagues, but we work in conjunction with them. It is certainly looking at technological solutions around things like recruitment, HR issues, messaging to schools and stopping the big duplication of paperwork. It is looking at a range of issues, and we are happy to provide further details. One of the projects is specifically looking at education technology services.

Mr Butler: Perhaps that could be interwoven with the shared education piece.

Ms Patterson: Yes, we will look at that and take it forward.

Your second question was about temporary variation policies, and you are absolutely right to mention that. That is a clunky process for everyone concerned. It interfaces very closely with post-primary admissions, which kicked off last weekend. Where we are on that is that we have tried to be more proactive this year on post-primary admissions to identify where temporary variations may be needed. That is a piecemeal exercise specifically for that year group. We will look at a longer-term policy for TVs and see what can be done to make that more mainstream. One of the strands in the transformation project is looking at school admissions and enrolment numbers that have a historic pattern of being varied to see whether those can be made mandatory by settling the numbers, like a

resettling figure. That will also help to address the issue of the high volume of TVs. Work is ongoing in that area, and policy papers will come to the Committee as they are developed.

The Chairperson (Mr Lyttle): I will bring in Maurice and then Catherine, and then we will try to move on to Gary's presentation.

Mr M Bradley: I will be brief. Thanks very much for coming to the Committee today. I want to ask about the education transformation programme. What do you mean by:

"reducing admissions and enrolments in primaries to lower established normals".

Is that a response to the current predicted lows that are going to happen? Will there be a reduction in primary school enrolment?

Ms Patterson: That was not the main driver for doing that work, but it is probably a by-product of it. The driver for doing that work was the fact that many schools were sitting with enrolment numbers that were historically much higher than they ever should have had. There was a benefit in doing an exercise, and we ran a pilot project with a number of primary schools that volunteered to be involved, looking at rightsizing them back down to a certain level at which they had been historically.

That comes into play where they are, for example, applying for capital works programmes. They look at the authorised enrolment numbers, if you like, and if it is not an accurate reflection of what the school's history has been, it is false. It is an exercise to rightsize many of the schools that have been carrying the wrong numbers for a long time.

Ms C Kelly: Thank you for coming today, Lianne. The tackling educational disadvantage group, which was set up by the Department in May 2017 to look at educational underachievement, is to present a paper to the Minister. When will the Committee have sight of that paper?

Ms Patterson: To be fair, that is on Fiona's side, so I will need to clarify that with the team. My expectation is that, once the Minister has seen the proposals and has had space to consider his views on them, we will be very happy to share the paper with the Committee. I will take that back to Fiona's side.

Mr McNulty: Thank you very much for attending the Committee today. Will the review of home-to-school transport reconsider the position of parents whose children do not attend the nearest school but bypass the nearest school and who have to pay for their school transport? That can be an onerous situation for families with a number of kids. It needs to be looked at.

There is an anomaly in post-primary admissions in south Armagh in my constituency, whereby children who are sitting the 11-plus and who may not necessarily pass it have siblings at a grammar school but do not meet the criteria to gain admission to that school. I would like a deep-dive look at that issue, which a number of parents are facing in south Armagh and which has been causing them no end of dismay over recent months and years.

Ms Patterson: As I did with the previous question, I will take your point about home-to-school transport away, and we will respond to that.

My colleagues and I in the Department are very aware of the situation in south Armagh. As we enter this period of trying to allocate children to their school of choice, that will be very much in our minds. The one thing I would say is that the admissions policies of individual schools are determined by the schools themselves as opposed to the Department. If there are anomalies with admissions criteria, we would not necessarily have much influence over that. However, we would be able to work with TVs and movement around schools, so we would certainly have that in our minds.

Mr McNulty: I am sorry, what are TVs?

Ms Patterson: TVs are temporary variations, where we determine that there is going to be a surge. If a school has the capacity from a capital infrastructure point of view, extra places can be put in just for that one year's admissions.

The Chairperson (Mr Lyttle): Thanks very much indeed, Lianne. I will now invite Gary to brief us on the finance picture.

Mr Gary Fair (Department of Education): Thank you. Does everybody have a copy of the slides? I have a few extra in case anyone does not.

I will provide a bit of context. You will probably be familiar with a lot of this stuff from before, and I have had conversations about it with some of you in the past. The Minister may also have covered some of it. I will provide some context and then walk through some of the pressures that the Department is likely to face next year and in future years. I thought that it would also be useful to give a quick run-through of what I have been doing on the review of the common funding scheme project.

The first slide is about budget context. I am sure that you will have seen this quoted at different times. There has been a reduction in real terms, as the graph demonstrates, of about £229 million over roughly the last 10 years since 2010-11, which obviously has a significant impact. A lot of this has built up over time because budgets have not been available to fund pay rises for teachers and non-teaching staff. A lot of those still have to be met, for non-teaching staff in particular, and incremental progression for teachers. That has built up over time.

At the same time, over the same period, pupil enrolments have increased by around 17,000. You can imagine the impact that that has had across the sector. Special education needs has been referred to. That is an ongoing issue for the Department, and one for which we have to bid constantly for additional resources in-year, generally speaking, because the costs are escalating. The graph illustrates that level of increase over time. That is an ongoing increase. It is anticipated to continue in future years. The Education Authority is undertaking work to get in under the figures and drivers towards that, and to try to refocus — others will be able to talk in much more detail about it — more on early years interventions in order to try to avoid some ongoing costs while obviously putting the needs of youngsters to the fore.

The next slide in the budget context is on school surpluses and deficit. Again, this has been out in the public domain before: the number of schools with a deficit has increased over time. We cannot yet quote this year's figures, obviously, because a lot of factors impact on what the end-year position will be, but certainly last year, there were over 440 — around £60 million in value terms. For those who are not familiar with the issue, schools do have the ability to retain some of their budgets in the form of surpluses and can draw down from those in the future. There are certain rules around that. We have been able to bid for those resources, generally speaking, in-year over the past few years from a banked amount that is held in the Department of Finance. Again, surpluses are reducing and deficits are increasing. In the last couple of years, the balance has tipped, and there are more deficits now than surpluses.

The next slide gives a visual presentation of the split of the Department's spend. Very often, comments are made that not enough goes directly to schools. Yes, there is a discussion to be had about that and exactly what goes to schools, but I think that this illustrates that, really, the majority of funding does make its way to schools. There is the aggregated schools budget, which is about 60% of the whole. That is the amount that goes directly, via the formula, to schools. There is then what is known as the Education Authority block grant, which covers a number of areas of spend, the big ones being special education needs, special schools, rates, substitution costs, transport costs etc. There are a number of other earmarked funds covering school maintenance, preschool education programmes, extended schools etc. I will not go through them all. I suppose that that is just an illustration that a lot of that spend that is held at Education Authority level does make its way to schools in some form.

As we look to next year, the pressures — I think that the Minister referred to this — are quite substantial. This slide focuses on our starting position before the — I have forgotten its title — New Deal, New —.

The Chairperson (Mr Lyttle): New Decade, New Approach.

Mr Fair: I had a mental blank. We have abbreviated it now in the Department in our own way. Not taking account of those, these are the pressures for which we were looking at having to bid for next year. Again, I will pick out some of the big ones. I think that the Minister referred to pay for teaching and non-teaching staff. That includes £68 million that could cover a pay settlement for the past two years. There is then an ongoing follow-on pressure every year of around £40 million, so for next

year that covers £40 million this year and £40 million next year. The Education Authority faces ongoing pressures. A lot of those, particularly the £32 million and the £44 million, are linked to special educational needs, as you can see. It is a big area and a big issue in line with the inclusion policy. School maintenance is always an ongoing issue, and it is a difficult one for us to handle when budgets are constrained. There was a conversation earlier about a particular school. There are always ongoing issues, yet the Education Authority has to work from a very limited budget. We have asked the Education Authority to constrain that budget over the last few years but to come to us if there is a crisis. That is just an illustration of some of the difficulties in managing things when budgets are constrained.

The £16.5 million relates to previously allocated money from the confidence-and-supply funding, which was very helpful. It did not enable the Department or the Education Authority to do anything new, but it underpinned a lot of the work that was already being done and saved Derek, at that time, having to make decisions to cut certain services.

I do not know whether to go through them all. I will pick up any questions, if you have them, but that covers the main areas of spend before we take account of some additional areas that are in the new agreement document. Some of those areas, as you will see, including delivering the childcare strategy and developing a mental health and emotional well-being framework, will depend on policy decisions that will be taken further down the line. They are estimates of costs that might materialise. They might be more than that, depending on the policy decisions taken.

The Chairperson (Mr Lyttle): I will say briefly though, Gary, that they are extremely likely pressures. They are not hoped for, and some of them are quite modest assessments. For example, £15 million for the delivery of a childcare strategy for Northern Ireland is definitely at the lower end of what will be required to deliver on 'New Decade, New Approach' commitments.

Mr Fair: There is another slide that covers some of the options. I will not go into detail; it was meant more by way of illustration, just to back up your point. It is about getting the balance when we are bidding for resources. The Executive's budget, as a whole, is under pressure, so we have to take a balanced view of what is reasonable, and there will always be options and more resources we may have to be bid for.

The next slide covers some of the additional areas that specifically relate to the text in the agreement document. Some of the other costs we have covered, such as pay, are new pressures. There are resourcing pressures on schools, and the £60 million referred to is the ongoing build-up of pressure in schools, which has built up over time with pay pressures in particular not having been funded, and that is what we estimate will need to go into the aggregated schools budget just to balance things.

The independent review is referred to. That is an estimate of what it might cost for people to lead that review and for the secretariat function. There are some other factors there. Educational underachievement is linked, again, to some policy decisions that will be required and is linked to a replacement for the extended schools funding, partners in education, and we have estimated the cost of establishing an Ulster-Scots and Irish language NDPB, if you like, to take that forward. With some of these, you will understand where we are coming from. When we are estimating costs, it can be difficult to quantify exactly what the needs are, but we have to put in our best estimate at a point in time.

The next slide brings all that together into future pressures. Next year, we are talking about an estimated overall pressure of over £400 million, and that would rise in three years to over £700 million. Again, there are a lot of assumptions, as I said, in this figure work.

Moving to the next slide, teachers' pay is referred to in the document as well. I think it has been alluded to. The teachers' pay bill is about £1.1 billion, and we have put a business case to the Department of Finance. It has been sitting with that Department for some time, not necessarily because it is reticent to approve it but because it is linked to the need for funding, and, before the re-establishment of the Assembly, Derek, as permanent secretary, was always very straight about this: there would be no point in an agreement being settled if there was no funding for it, because we would just be presenting more of a problem to the sector.

The Chairperson (Mr Lyttle): So, that business case will not be finalised and approved until finance has been allocated to it.

Mr Fair: Yes, that is what has held it up to date. You are aware that action short of a strike is ongoing in the meantime. There has been agreement, in principle, which is helpful.

I will give some background on the proposed settlement. The £68 million refers to a 2.2% proposed increase in '17-18 and a 2.25% increase in '18-19. The '18-19 figure is a cumulative figure so it has to take account of the 2% of the previous year, so £68 million is the amount to settle those two years. The ongoing cost would be about £40 million each year. That would assume a 1% increase each year after that, any incremental progression that teachers are entitled to, as well as pay to non-teaching staff, which is nationally negotiated on the whole.

Moving on to the next slide, I think I already covered school finances. The only aspect I have not mentioned is the additional SEN pressure linked to the new SEN framework. That has formed part of the work in the review of the common funding scheme project. We have been looking at SEN funding, generally, but one aspect in particular is the need for the new framework in introducing the changes that would be required with that, such as learning support coordinators for each school and a recognition that it is not realistic to go forward with some of these things without the funding. I have always been supportive of the need to bid for additional funding for that. There is an expectation that schools will address a number of the special educational needs in their delegated budgets, but for something new like this, there is a recognition that more money is required.

I will skip over the childcare strategy because I do not want you to ask me any detailed questions about it; I am not informed. I have shown that slide to illustrate your point, Chair. It is hard to estimate exactly what the costs might be for some of these things.

The Chairperson (Mr Lyttle): It is certainly likely to be higher than the £15 million you modestly estimated, but yes, OK.

Mr Fair: I think I covered those other areas mentioned. Do you want to pause before I go over the other set of slides, or do you want me to move on?

The Chairperson (Mr Lyttle): Yes, maybe we can take some questions on that. The first question is this: how concerned are you, as the official in charge of this, by the scale of that pressure? Is £427 million not roughly a quarter of your budget?

Mr Fair: I am very concerned, yes. I have always been open on my advice up the line to Derek, before the Executive were re-established, as I am now to the Minister, about the reality of the pressures. Going back to the earlier conversation about estimating what some of the policy changes might cost, we try to be cognisant of the fact that the pressures are facing the whole Executive — the whole Executive's budget. We have had to live within the budgets we have been given over the last few years as best we can. That has been challenging. I will always highlight what I believe the pressures are, but they are based on certain assumptions, and everybody has to live within the budgets they have. Even this year, the situation has become worse with the Education Authority's forecast of potential overspend, and I think that is because a lot of the non-funding of pay and price pressures over the years have come home to roost.

The Chairperson (Mr Lyttle): What is the Education Authority's pressure?

Mr Fair: It is forecasting certain figures. We bid for pressures of £67 million in the recent monitoring round, so they are a lot higher than the position the Education Authority ended up with in previous years. There are concerns around that. They have done their best to absorb certain pressures in previous years, and now it is getting more and more difficult. There has been the assumption over the last few years when budgets have been allocated, that the Department will manage the pay pressures that the Education Authority is obliged to pay, such as incremental progression and the non-teaching staff pay award, but that has not been easy. It was part of the budget strategy to keep the focus on front-line services and to absorb pay pressures, but, realistically, it could not go on forever, and it is increasingly coming through. It has been coming through in increasing deficits and reducing surpluses over the last few years, but I think it is getting worse now.

The Chairperson (Mr Lyttle): How will the Department meet these pressures, and what are the implications if it does not?

Mr Fair: We are grateful for the money we got in year, which will be allocated quickly, but that was the last monitoring round of the year. Exactly what any potential overspend might be depends on how everything lands at the end of the year, but it looks like there will be another overspend this year, which is not the position any of us, as officials, want to be in.

The Chairperson (Mr Lyttle): What are the implications of that for the education system?

Mr Fair: Unless, and even linked to the review of the common funding scheme, projects that have come to —. No matter what you look at, without additional funding going into the sector, it is very difficult. Even in transformation terms, it can be very difficult to take forward serious change without some money going in just to cover the basics at school level.

Mr Humphrey: Gary, thanks very much for your presentation. The NDNA commitments talk about, in particular:

"Addressing Links Between Educational Underachievement and Socio Economic Background",

and in the budget context you talked about special educational needs moneys. I agree entirely with your point that early intervention is better, more effective and more cost-effective. What priority has the Department placed on a joined-up approach across government on these issues with other Departments, government agencies and local government to achieve economies of scale and reduce wastage?

Mr Fair: To be honest, I could not really answer that in an informed way. We might be better coming back to you on that. I will have a conversation with a policy colleague on that. I know there is joint working with the Department of Health, for instance, and the Department itself works very closely with the Education Authority as the main provider for a lot of the services, but I would prefer to come back with a more informed answer.

Mr Humphrey: Yes, that is important, because we are talking about the budgets across all the schools, which is a significant amount of money. I always just get the impression, and through my own work I get probably more than an impression, that the joined-up-ness and collaboration could always be better. That is something we need to get much more efficient at to drive for those economies of scale and savings. Savings mean there is reinvestment in areas where —. Because of the huge budgetary pressures you have, money is needed right across the Department in all areas —.

Mr Fair: The Education Authority would probably be best placed to comment on that, but we will come back to you with an answer.

Ms Mullan: Following on from William's point, I suppose we need to see that; this is cross-cutting. A number of strategies are mentioned in the new deal document for moving forward, so we need the Departments to work together. We need them to invest, and particularly when you are looking at an anti-poverty strategy, you are looking at children and young people. I suppose, maybe in the next couple of weeks or months, we will see that detail coming out, but I would see that other Departments have a huge role to play in this financially and otherwise, so we will maybe follow up on that.

Is there a plan or intent in the Department to assist schools that have huge budgetary deficits? It takes me back to what William was saying, and we can all talk about the schools in our own area, but particularly schools in buildings like those William described that are sitting with a large deficit because they are trying to fix windows and everything else and it is sucking up all the money. They are not going to get to the stage where they meet the criteria. If we want to move forward to having sustainable school core budgets, schools that have enormous legacy deficits will never be able to do it. You might not be able to answer us today, but I am interested in the plan to support those schools going forward.

Mr Fair: There are two factors. Some of the schools are wrapped up in the area planning process. There could be delays there that mean there is no resolution to the deficit position for some schools. The other aspect is the need for additional funding. I have worked hard alongside the Education Authority in the last few years, and we have been engaging a lot with schools. My view is — you will be aware of it from letters I have written to schools in the past — that we should ensure there is good financial management. From my point of view, in developing the Department's bids and seeking additional resources from the centre, it has been important to get an assurance that there is good

financial management. A lot of good work has been done. I know it has been stressful for a lot of school principals and school leaders, but a lot of good work has been done.

There has never been a pressure where a school is doing everything it can and is still forecasting a deficit. The assurance we have sought is that they are doing everything they can. I do not believe schools have been put under undue focus in that respect, but it does not solve the problem, as you say, and the long-term solution really is putting additional funding into the sector —

Ms Mullan: Is that legacy funding?

Mr Fair: — to stabilise it. Yes.

Ms Mullan: I am aware of a principal in my area who is doing everything she can, but she cannot get the deficit down. The building is crumbling around her, and we have made representations about it. There are quite a number in that position, and I think everybody here could say that.

Finally, will the contingency fund be replaced?

Mr Fair: Sorry?

Ms Mullan: The contingency fund, which was there in the past to grow schools, was there — ?

Mr Fair: In-year growth money?

Ms Mullan: Yes.

Mr Fair: Yes, that will still be applied by the Education Authority. Those decisions, if they have not already been made, will be made during the year.

Sometimes the Education Authority will hold off until later in the year to see how everything lands. It has been challenging for the Education Authority to do its utmost to balance its books. It has had its own challenges. Part of my role is to challenge the Education Authority on what it is doing. We have all been working together to try to manage everything as well as we can within the resources we have. But there is no question that additional resources are required. The £60 million that is referred to as an additional NDNA cost is linked to the accumulated deficit position at school level.

The Chairperson (Mr Lyttle): Gary, do you believe the UK Government or the Northern Ireland Executive are going to allocate £427 million to the Department of Education?

Mr Fair: I know the Executive will do everything in their power to secure whatever additional resource is required. I suppose we all have to be realistic. I have no idea what the final figure might be. My job is to highlight the pressures as they are, bid for them and see where that takes us. Ultimately, whatever the conclusion of the budget discussions are, we have to find a way forward, as we have done in previous years.

The Chairperson (Mr Lyttle): If you are not allocated that sum of money, can the Northern Ireland Executive or the Department of Education do anything differently to reduce the pressure that will be incurred by not receiving that total?

Mr Fair: No, nothing significant in the short term. Transformation could bring savings in the future, but a lot of that is medium to longer-term. As has been said, because of the scale of the budget that is taken up with pay, it is very difficult to make a big impact whenever those pressures are not being met.

The Chairperson (Mr Lyttle): OK. Robbie Butler?

Mr Butler: Thank you. Numbers were not my strong point when I was at school, but you have briefed me very well today, especially about the pressures. You talked about the in-year pressures for 2021, which are £426.5 million. I can see there is some very important work to do there, and I echo what the Chair said about the childcare strategy but, more importantly for me, the mental health and emotional well-being piece of work. What struck me was that you hinted that there may be somewhere around an 80% increase in the coming years. You mentioned the pressures could be —

Mr Fair: Sorry, yes, rising?

Mr Butler: — somewhere in the region of £700 million or £750 million. I am not looking for a detailed look at why there would be that significant increase, but is it going to be tied in around the transformation piece, or is it predominantly pay related?

Mr Fair: In a lot of the pressures that have been identified for next year, there is a cumulative and ongoing recurrent impact of that. That will very often increase the cost in future years, including in pay, for example. If the £148 million is made available for next year, there is still the £40 million recurring impact. There is that recurrence, and the special educational needs forecast expenditure continues to increase at this stage. That is an area the Education Authority was giving some focus to. But the forecasts at the moment are that a lot of areas of spend will continue to increase, including transport costs etc.

Mr Butler: Eighty per cent just seems to be quite a —.

Mr Fair: Sorry, I was not saying an 80% increase. When I referred to 80%, I was referring to the proportion of our budget that is linked to staff costs primarily.

Mr Butler: Sorry, no. I am just doing this calculation from the £426 million to the £750 million.

Mr Fair: Right, OK. Sorry.

Mr Butler: That is the 80% I am referring to in my calculations. It is reasonably robust, I imagine. It just seems to be a large shift.

Mr Fair: It is, and, as has been pointed out, it is probably prudent in some ways, because you could go a lot higher, depending on certain policy decisions.

Mr Butler: OK. Thank you. OK, Chair.

The Chairperson (Mr Lyttle): Thanks, Members. Gary, do you want to briefly refer to the common funding scheme reviews?

Mr Fair: Yes. I am conscious of your time, so I will skip over it quite quickly. I have been leading some work in this. Basically, it all stems from some of the engagement events we have been running with schools, and feedback we have had from principals and boards of governors is that there have been concerns for some years around the way the common funding scheme works and whether it is operating as it was intended, which was to be fair and equitable and all the rest.

I started, or led, on some internal work when there was no Assembly or Executive. We had to be careful how we handled that so we referred to it as an internal desktop review initially. And then when the Department was successful and got some additional money for transformation, it was then formalised as a project in the transformation programme. That was formalised earlier in 2019.

The overall objectives were to revisit how schools are funded to ensure that the school underpins and supports education policy and to provide a suite of evidence-based options or proposals for an Education Minister's consideration.

I am sure you will understand that none of this is straightforward. I know that some of us have had conversations about this before. In every area you look at, there will always be winners and losers, and therefore not everybody will be happy with any proposed changes. In that period of time without a Minister, we aimed to do what we could to examine certain areas, gather some evidence together and do some modelling to see what options might be available to review certain areas.

SEN funding was one aspect we looked at. Our main focus in the end, which is in the paper that has been produced for the Minister's consideration — the Minister has not considered any of the work we have done in detail yet — was the introduction of the new framework. As part of that work, we also worked closely with the Education Authority to ensure at least that special educational needs requirements are better recorded so that there is more consistency across the five Education Authority regions. So there has been quite a lot of work done on verifying costs so that they are delivering more robust information to us.

Other aspects we have been considering include rationalising the formula itself. The formula is quite complex; there are 19 factors in it and two funding streams, primary and nursery and post-primary. We have been giving them some consideration. The factors have built up over time, sometimes due to previous Ministers' decisions or whatever. It is honouring the intention behind those but looking at any way to streamline them, make the formula more straightforward and ensure the money for certain purposes is actually delivering as originally intended.

Targeting social need is some work we have begun in conjunction with policy colleagues. That is likely to be impacted on as well by the new agreement document and the commitments in i.e. have been liaising with the Irish-medium sector as well. It has particular needs that it has asked us to consider, and we have been discussing those with Comhairle na Gaelscolaíochta (CnaG) colleagues. To date, we have held two engagement sessions, which have been useful. We have had very useful, focused discussions with representatives from sectoral bodies, principals and boards of governors, so there has been quite an openness in the discussion. However, I had to handle that quite carefully, because we did not want it to be perceived that we were going out to consult at a time when there was no Assembly, no Executive and no Minister.

Prior to the Minister's appointment, we were working towards having what we call a co-design, which is the equivalent of a draft consultation document. We are working to have something prepared hopefully for the Minister's consideration by the end of February. Again, that could be impacted on by the independent review that has been referred to in the document, and other factors. The Minister will have his own views on whether we go out to consult at this stage. There are other policy reviews ongoing. Those could have an impact on the work that we are doing, so there would need to be a judgement call made by early March, once the Minister has had time to consider.

The main point that I will make is that we have been taking seriously the issues that have been raised by schools about concerns over the formula. We have been giving some serious thought to it all and trying to gather together an evidence base.

The Chairperson (Mr Lyttle): Thanks for that, Gary. It is a serious matter that is raised with MLAs regularly, so it is welcome that that piece of work was done in advance of the reappointment of a Minister. Hopefully, having a Minister in place will assist you to make pace.

Mr Fair: Subject to the Minister's views, I am more than happy to give the Committee an update.

The Chairperson (Mr Lyttle): Thanks.

We move on to John Smith, deputy secretary, and Philip Irwin, director of investment and infrastructure, to update the Committee on the capital programme.

Mr Irwin: Thank you, Chair. As you suggested, this is going to be a bit of a double act. The Strule shared education campus (SSEC) is a stand-alone programme in the Department. John looks after it, and I will hand over to him after I have given the Committee an overview of the wider capital programme. If members have the slides in front of them, I will go through them fairly quickly.

I have divided the wider capital programme into five different categories. The first is major works, which are, in the main, new builds for schools. Those have two strands of funding: one from the Executive and one from Fresh Start. There is then the school enhancement programme (SEP), which is for investments of between half a million pounds and £4 million. Those are inclined to be investments in existing school sites.

Smaller projects then fall under minor works, which are projects of less than half a million pounds. We also have a youth capital stream, where we make investments in both controlled and voluntary youth settings. We then have a catch-all of other capital, which covers a variety of things, but the main spenders in that area are inclined to be IT projects and transport, which is effectively buses for the Education Authority.

The table in the next slide shows the breakdown by programme of the budget. The overall Executive-funded budget is £157 million in the year, and we anticipate, under Fresh Start, spending of £12.4 million in this particular year.

I will give a quick explanation of each of the different programmes. We start with major works and an explanation of how a project gets selected to be on the major works list. The process is initiated by the

Department making a call for proposals to the schools' managing authorities. They forward a long list to us. There is an initial gateway process applied to try to remove ineligible applications, usually around the sustainability of a school or for area-planning issues, as were mentioned earlier.

The schools that get through the gateway process are then scored against a variety of criteria: their contribution to rationalisation; the standard of their existing accommodation; the suitability of their existing accommodation, by which I mean the elements of the handbook that they are missing; the degree to which the school is reliant on temporary accommodation; and then some smaller scores for social factors, such as the percentage of free school meals given out and the percentage of level 5 SEN pupils in the school.

The output from that is a series of prioritised lists, and the Minister, in the light of whatever budget is deemed to be available, or our ability to deliver, will announce projects that are to proceed to planning on the basis of that prioritisation. Since 2012, when the process was introduced, there have been four different announcements, covering some 63 schools. The status of those projects is that 23 are complete, eight are currently on-site or have a contractor appointed, and another 31 are at the business case stage or an earlier stage.

I have also included a profile of historical spend on major works and projected spend. I will make a couple of points. There has been a lot of focus in the Department on trying to accelerate the major works programme. As you can see from the graph, that focus hit a major snag towards the end of 2017, when we had a significant number of projects that went to construction procurement and came back at a much higher cost than we had anticipated and for which had business case approval. The subsequent work done to relook at business cases or projects resulted in that drop in major capital spend. The point to highlight is that, because of that, there is now a major bulge in the pipeline of major works at later stages of design. That design will get finished, and they will go to procurement throughout next year. We anticipate that the demand from major works for capital over the subsequent years will increase significantly. I will return to that at the end.

The bulge in the pipeline at the design stage has left a more depleted pipeline at the front end. For that reason, the Department issued a call for a further major works announcement back in the autumn. We have the list of schools that have been forwarded by the managing authorities. We are in the process of doing the survey work to allow us to do the scoring. We hope that that work will be completed by early March and that our Minister will be in a position to make an announcement of a further list of projects to advance to planning before the end of the financial year, or very shortly thereafter. We will need to have sight of a Budget to make an informed decision on that, but I assume that, within that time frame, we should have some visibility of forward capital budgets.

As I said, the second strand of major works comes under Fresh Start. Those projects are selected on a different basis. Their aim is to increase the number of children from different communities and religious backgrounds being educated together. The approvals process is extremely convoluted. It has three stages and involves approval from DE, DOF, Treasury and the NIO at each of the stages, which are approval in principle, approval to planning and approval to construction. That makes it difficult to expedite projects.

I have listed all the projects that have been announced under Fresh Start and the stage that they are at. Chair, you asked for some more detail on individual projects. Somewhere in members' packs there should be a little chart with green bars that deals with each project. Projects appear down the side, with the stage of delivery across the top.

That takes us on to the school enhancement programme, which, as I said, relates to projects between half a million pounds and £4 million. The process for selection is pretty much identical to that for major works. We are now on to our second SEP. The first one very successfully delivered projects in an expeditious manner. Fifty projects were announced, and almost all are complete. Two are still on-site and one is on hold. In May 2018, an announcement was made on the first tranche of SEP2 projects. There have been two subsequent announcements, and 59 projects are now progressing through SEP2.

One point to highlight is that the list of prioritised projects for SEP remains live. There are 106 projects still on the list. However, it is to close two years after the initial announcement was made, which means May 2020. The Minister will then make a judgement call on whether we can announce any further projects off the list or whether the slate will be wiped clean and we have to move on to a third SEP at some point.

Minor works operate in a slightly different way. We had moved to a system by which schools make applications directly online. We were somewhat swamped by the number of applications that we received in the last call, which was in November 2017. As I said, they are categorised slightly differently, as I have shown under three priorities: priority 1 is statutory minor works, which tend to be health and safety or fire risk-type projects; priority 2, which relates mainly to condition; and priority 3, which covers suitability. There is a mechanism, however, by which urgent schemes that have not been submitted at the call can, if you like, leapfrog priorities 2 and 3 and get done.

The takeaway message is that there is a huge amount of unmet demand for minor works in the system. However, the other side of that is that we have spent all the capital that we have been allocated, certainly since I have been in the Department, and acceleration of any one of those programmes, by default, given that we have a fixed pot of money, will mean that we have to slow some of the others down. It is therefore a prioritisation issue among the different programmes.

The youth capital programme is a stream in its own right. We typically invest around £10 million a year in youth capital. It follows a slightly different process, in that applications are made directly by youth organisations. There is an eligibility check. Are they registered with the EA? Can they demonstrate a track record of delivering youth service? They are then prioritised and scored in a similar way. Thirty projects out of the 47 applications deemed eligible have been announced and are proceeding. They are proceeding again within the budget constraint, receiving about £10 million a year.

The final area is other capital. As I said, that relates mainly to transport and ICT. Again, if you average out investment in the past number of years, we spent around £10 million a year. The point that I want to make, which is at the bottom of the slide, is that there are a number of business cases in the system that will place big demands on capital for ICT. I have not listed it on the slide, but that applies to transport as well; for example, business cases for replacement buses. Those will place a big demand on our capital requirement in the review period. If you couple that with the major works and SEPs that will start to go on-site at the same time, there is a potential issue with our ability to deliver all of that within the budget that we are allocated, albeit we have not yet seen what the budget is. I may therefore be identifying a problem before it even occurs.

That is all that I want to say about the wider capital. I will now hand over to John to discuss Strule.

The Chairperson (Mr Lyttle): We will just take questions, Philip. We will try to be concise. I want to discuss Fresh Start major works. I do not want to single out a particular college, but I am familiar with Priory Integrated College. It is listed here under:

"Projects Approved to Planning (Stage 2)".

My understanding is that a Fresh Start allocation for the college was initially announced in 2015. Is that right?

Mr Irwin: Yes.

The Chairperson (Mr Lyttle): About five years ago.

Mr Irwin: It may have been 2016. It was in the initial announcement.

The Chairperson (Mr Lyttle): My question is this: why does it take four or five years to progress only to "Approved to Planning"?

Mr Irwin: There is a process of, if you like, categorising how a project moves through its different stages. We were probably two years in debate with the various parties that I listed in order to agree the process. That having been said, there are a number of projects that were slow off the mark. From our point of view and that of the EA, we would agree that our delivery is slower than we would like. The main issue with those ones was probably capacity. Twenty-three of the projects were announced simultaneously on day one, and, to some extent, we have a certain capacity to move them forward. There was that one and a few others that you could probably name that were in a similar situation and were slow out of the blocks.

The Chairperson (Mr Lyttle): Is there a concerted effort being made to increase the pace of delivery?

Mr Irwin: Absolutely. I have sent you the update on the consultant team for that particular project.

The Chairperson (Mr Lyttle): I mean in general. I am not thinking narrowly.

Mr Irwin: I probably spend about 80% of my time trying to speed all of this up. When we look and analyse where the delays occur, they tend to be across a number of themes but in many different areas. The focus on speeding the projects up is definitely there.

The Chairperson (Mr Lyttle): Is there likely to be a fourth tranche of SEP2?

Mr Irwin: First, we need to see an indicative Budget over three or four years. That, I think, will be part of the process over the next few months with the Executive and Westminster. My feeling is that our system is at capacity for the immediate progression of projects. However, it will be a decision for the Minister to take. It might be that further projects can be announced but that the slate will then be wiped clean. We will do what we said in the original protocol and close SEP2 after two years. We may be able to announce some projects in the knowledge that it may be a number of months before we get to initiate the projects.

The Chairperson (Mr Lyttle): As William said earlier, there are multiple schools across Northern Ireland in serious states of disrepair.

Mr Irwin: I do not disagree. No matter what happens, we will not be announcing 106 projects, which is the number on the prioritised lists, because we simply do not have either the money or the capacity to do them all. It is a continual balancing act. We have a fixed pot of money and have to decide how much from it to allocate to new builds and major works, how much to SEP projects and how much to minor works.

The feeling has always been that the more that the spend can be biased towards new projects and the SEPs, the more that it will reduce the demand for minor works. The minor works are inclined to be sticking plasters that deal with short-term issues, whereas it is more beneficial in the longer term to invest the money in accelerating the major works and the SEPs. That having been said, there are schools, as you say, that need the money immediately.

The Chairperson (Mr Lyttle): Finally, before I bring in members, is the strategic review of procurement a response to the sustained concern from schools about the EA's centrally controlled procurement process for minor works?

Mr Irwin: It probably relates more to maintenance works than minor works. There is overlap between the two areas, but the process of undertaking maintenance works is entirely different from anything that I have said. As Gary said, the resource budget is used for maintenance rather than the capital budget. The EA has undertaken significant consultation with schools and a variety of stakeholders, and it is probably as a result of those consultations that it has sought to change its delivery method.

Mr Humphrey: Thanks very much for your presentation, Philip. A figure of over £10 million per annum has been used for transport in recent years. There is a figure below that shows that transport and ICT combined have a requirement of over £70 million. Is that per year?

Mr Irwin: I did not mention transport in that slide, but I mentioned it in my presentation. The £70 million figure covers a number of years, to be fair, and is for the three IT capital projects alone.

Mr Humphrey: It is not £70 million-plus per annum.

Mr Irwin: No. It is £70 million over the next three-year period, if those business cases are approved straight away. On top of that, there is a significant transport capital requirement, but I cannot quote the figure to you.

Mr Humphrey: On transport, what size is the EA's fleet?

Mr Irwin: I cannot give you the detail.

Mr Humphrey: I take it that the fleet is paid for entirely by the taxpayer, or are the buses leased?

Mr Irwin: It is funded from capital that the Department allocates to the Education Authority.

Mr Humphrey: The Department gives the money to the EA, which buys the buses.

Mr Irwin: Yes.

Mr Humphrey: The buses are being bought outright. The Government buy them, maintain them, keep them on the road and cover wear, tear and depreciation. They are running at an absolute loss, which is being written off each year. Has the Department looked at having the same number of buses but leasing them and the savings that could be made there?

Mr Irwin: There is a business case that is coming in relation to the replacement of the current bus fleet. I am not sure whether leasing has been looked at as an option in that. The point I would highlight is that, if the buses were leased, that would not be a capital issue at all. That would then become a resource pressure, and you have already heard about the pressures that exist on the resource side of the house.

Mr Humphrey: Fair enough, but, if it provides a saving to government, is that not something that a civil servant should look at?

Mr Irwin: Yes, if it presented a saving to government.

Mr Humphrey: Can you come back to us on that? Surely at some point there must have been a piece of work done that looked at buying the vehicles outright, whatever the size of the fleet would be, and the cost of maintaining wear and tear and depreciation of those vehicles per annum, albeit that that will be written off over the lifespan of the vehicle and that the mileage is probably different for a rural bus compared with an urban bus. I do think that the idea of looking at leasing should be considered. I am not making the point that the number of drivers should be reduced. The point that I am making is that leasing of the fleet, obviously, potentially, might bring some savings to the public purse.

Mr Irwin: The business case for the replacement programme is exactly the place where that should be done. We will come back to you.

The Chairperson (Mr Lyttle): Members, I encourage you to retain quorum if at all possible. We are very near the end of today's meeting, but we have the remaining important briefing on the Strule shared education campus, and then a very brief item of business for the Committee. Karen and Catherine, you want to come in on this matter?

Ms Mullan: Thank you for the presentation, Philip. You have always been great at providing us with the detail. Over and above the list of schools that have been put forward by their managing authorities, does the Department have a detailed survey of the whole schools stock and of what is needed in relation to capital and maintenance? Has the Department bid for more capital funding?

Mr Irwin: Taking the last question first, we have just been asked to put forward our capital requirements over the next three years, and that reflects what I have been raising there: that a significant uplift is required over the next three years. We have asked for that, and we will wait to see what comes back.

Going back to your first question, there is a system that has survey details on all of the schools, but at any point in time there are 1,100 schools or whatever the number is, so some of those details will be out of date. There is a cycle that goes on when the schools are surveyed. When it comes to major capital announcements or decisions on where funding is going, the reason that we ask the managing authorities to forward a longlist is that we want to do up-to-date surveys on a limited number of schools to allow us to do the assessment. The answer to your question is yes, there is information, but a lot of it might be out of date across all 1,100 schools.

Ms Mullan: Can you provide me after the meeting with a breakdown by sector of the number of schools operating in either temporary or not-purpose-built facilities?

Mr Irwin: I might have to think about the definition of that, but I will come back to you and we will certainly see what we can do.

Ms C Kelly: Thanks, Philip. I see there that Drumragh Integrated College, which is in my constituency of West Tyrone, is listed as a Fresh Start project and is at stage 1. Chris referred earlier to the length of the timescale of some of these projects. How long does a project generally or normally take from stage 1 to completion?

Mr Irwin: That one should go more quickly because it will not be a new build. I do not ever want to prejudge what the business case will say, but that school has a relatively new building, and it is an expansion issue. That will most likely be an expansion on the existing site. The long delays are inclined to take place when you start looking at site options, assessing those site options and getting planning for sites that maybe were not designated as schools, and so on. That project should move more quickly. I understand that the consultant team should be appointed — again, if you go to your little green list, there might be a date in it — over the next few months. The procurements are well advanced for all the five that were announced. At that point — I am guessing this, so you can take it as you wish — the design element of that would likely take a year to 18 months, another six months for procurement of construction, and then construction after that. You would be looking at a three-year time frame on that one, rather than the seven years that it would take if a new site was required in a bigger scheme.

The Chairperson (Mr Lyttle): Staying in west Tyrone, we will move on to the Strule campus. Thanks for your patience, John. It is obviously an extremely important issue, so we are very grateful for your presentation.

Mr John Smith (Department of Education): Thank you for giving me the opportunity to brief you today. In my role as deputy secretary with responsibility for the Strule shared education campus programme, I am responsible for a number of strands, including the design, procurement and construction of the buildings; the education model, which is the development of a plan that is focused on the curriculum for the schools; the ownership, governance and management in respect of the day-to-day operation of the assets; the vacated sites working group; and ongoing stakeholder communications with schools and the local community.

I am just going to make a short opening statement that covers the totality of the slides in your deck. By way of background, the Strule programme is a long-standing priority of previous Executives, and it has always received broad political support. It is a significant shared education campus project that will bring six schools and over 4,000 pupils from across the community onto a single campus to learn together on a vibrant and dynamic site. It involves significant capital investment in the west of Northern Ireland and should stimulate further development and regeneration, as well as promoting the benefits of shared education. In policy terms, the programme is a major contributor to the Together: Building a United Community initiative and also to the Education Minister's shared education policy, and it is key to enhancing social inclusion and community development in the local area and beyond. It will be the only campus here where special and mainstream schools will be co-located.

The Executive inherited the site over a decade ago. It was a working site that had been used by the military for well over 100 years and, as you would expect, it required a major amount of site clearance, decontamination and earthworks. Over the past six years, we have been working to totally transform the site to the state of readiness that it is in today, where it is ready for the next phase of construction. Phase 1 was the design and construction of Arvalee special school; that was completed in 2016, and the school opened in September of that year. We then moved into phase 2, which has involved the demolition of over 300 buildings. The site has been cleared and decontaminated, and major earthworks have been carried out up to formation levels. It is now ready for the next phase, which is to build the five post-primary schools and the shared facilities. The designs are complete to Royal Institute of British Architects stage 3 standard, and full planning permission has been obtained. A new road linking the Strathroy Road across the River Strule to the A5 opened in November 2019 and, all told, some £45 million has been invested to date.

I will turn to the main works procurement. The construction programme has faced major challenges over the past three years. The main works competition, which was launched in 2016 to appoint a contractor to build the five post-primary schools and shared facilities, was suspended in February 2018 when one of the only two remaining bidders withdrew. That competition remains suspended today. It is live, but it is suspended. At that time, it was clear that the costs of completing the programme would exceed the original business case approval, so we undertook a review of the construction programme and all the fundamental options, costs, benefits and risks. That was a significant piece of work, and we are continuing to work through the issues today. With the restoration

of the political institutions, it falls to the Minister of Education to consider the options and take a decision on what to do next.

I now turn to other areas of the programme. The education model is being developed with senior leaders in the six schools, together with input from the Department of Education and the Education Authority. That really sets out the vision for how shared education will be delivered on the campus and how the schools will work together to design a timetable that maximises the shared education potential in both the core schools and the shared facilities.

The Department is also working with the schools on a range of innovative shared programmes, and those are being developed and led by the schools themselves. That will ensure that today's students have the opportunity to play an important role in shaping the future of education, both locally and regionally. Many of the programmes are being led and developed by Arvalee special school, which is actually on site and is up and running.

The next project that we will work on is the need to establish the detailed ownership, governance and management arrangements for the day-to-day operation of the campus. Back in 2016, the four managing authorities, on behalf of the six schools, signed a memorandum of agreement that commits them to working together on these and other aspects of the campus. Areas that we are currently working on include how the shared areas will be run, development of a funding model for the shared facilities and how facilities management might be delivered across the totality of the campus.

We are also conscious that a number of school sites will become vacant when the campus opens, and we set up the vacated sites working group in November 2016 to support the site owners in how they will plan for the disposal and reuse of their sites. That group comprises the site owners themselves and members of the local council and several Departments. We are actively considering how to best plan for and manage the future use of the sites. We have developed an overall disposal strategy, as well as bespoke disposal strategies for each site, and those will be further developed in line with the Fermanagh and Omagh District Council local development plan.

That is a brief overview of Strule and where we have got to at the moment. Thank you for this opportunity and for your time. Obviously, I am happy to take questions.

The Chairperson (Mr Lyttle): Thanks very much indeed, John. One of the main questions, obviously, is why the Strule campus has been so badly delayed. What is the total overspend? How much Fresh Start money will be allocated to Strule in total?

Mr Smith: On the first question, we released the competition for the main works to build the five schools and the shared facilities in late 2016, and we returned only two pre-qualification questionnaires. We had expected to receive up to seven, because that had been the indication from some pre-market engagement we had with the industry before that. So there was less interest than we expected. We released the invitation to tender in January 2018, and, pretty soon after that, one of the two consortia that had indicated that it was interested in bidding withdrew, citing issues connected to the political instability at the time and the unavailability of capital funding. I took a decision pretty soon after that to suspend that competition while we assessed the options and took a way forward. Really, that was the cause of the delay initially. That competition remains suspended today.

As I said earlier, it became clear that the cost of completing the construction would exceed the amount that we had in the business case, for a number of reasons. The original business case was costed at 2015 prices. Construction price inflation has been rising sharply in the UK and Ireland over that time, so that had an implication. The ongoing costs of design development also had an impact. We had faced a number of challenges on site with the site preparation works. That was a live contract at that time, and it was costing us more than we anticipated. As a result, the costs have increased by about 27% over and above the original business case approval, which is about £40 million at 2019 prices.

It is important to note that, when doing the most up-to-date pre-tender estimate, we have also factored in the potential impacts of future price inflation from 2019 to campus completion in 2024 or thereabouts. Those were not included in the original calculations.

The Chairperson (Mr Lyttle): So what is the total projected spend for Strule campus?

Mr Smith: The total projected spend from day 1, which was about 2011, when we first started incurring some initial design fees, right through to completion is round about £215 million overall. That

includes all of the historical expenditure on Arvalee. It includes site preparation works, the construction of the five post-primary schools and shared facilities, and a provision for risk and inflation from now until campus completion. Obviously, if those risks and inflationary pressures do not materialise, that budget will not be spent.

The Chairperson (Mr Lyttle): Is that good value for money?

Mr Smith: I think there are many reasons to do the programme. If we do not, we are simply delaying the time when those schools will need significant capital investment, because not all of them are in the best state of repair. Look at the non-monetary benefits of the programme: 4,000 pupils on one campus being educated together. All the evidence shows that, when you have sustained and meaningful contact time between people of different backgrounds, educational outcomes improve. The strength of this programme is in the community, education and societal benefits that it will deliver.

The Chairperson (Mr Lyttle): Do you know what the total amount of Fresh Start money is that will be allocated? Is the £215 million all Fresh Start money?

Mr Smith: We have been funded primarily in the last couple of years through Fresh Start. Two years ago, there was an announcement by the Secretary of State that Strule would be eligible for up to £140 million of Fresh Start, and that came as part of the confidence and supply deal. That covered the four years from 2018 to 2022. In the 'New Decade, New Approach' document, there is an agreement that Fresh Start will be afforded some flexibility. Whilst the fine details of what that means for Strule are still to be worked out, we hope that Strule will be funded from within the totality of the Fresh Start funding envelope.

Ms C Kelly: Thank you, John. We are on the same page when we talk about the benefits of the Strule shared education campus to the children, the young people and the community. I think that it was about a year or a year and a half ago that we were on site — Karen as well. At that time, the groundworks were still taking place, but they were nearing completion. I am glad to hear that they have completed their work. As I am sure you are aware, we and the local community had hoped that the next phase of the project would have begun before now. I read somewhere in the documents that 2021 is the projected time to begin the next phase. Why so long? If the Minister makes the decision now, why should it take so long for the next phase to begin?

Mr Smith: Once we have a decision to proceed, the next thing that we need to do is move to appoint a contractor. It will take some time to do that. In terms of the programme, we need to be on site by May 2021 at the latest. If we can do it before that, we will, but, if we can be on site working by May 2021, the campus could open in September 2024. For that to happen, we need decisions to be made on how we are going to proceed, and we need to conclude the procurement and appoint a contractor to take that forward.

Ms C Kelly: Have any steps been taken to do that? I know that it has been sitting at that stage for the last two years. We are well aware that the tendering process was not — because there was only one contractor left. Has the decision been made to begin that process, or when will that begin? Is that up to the Minister?

Mr Smith: The next decision in front of us is for the Minister to decide what to do on the business case and the costs. Once that decision is made, the next thing that we will be addressing is how to take the procurement forward. We will need to do that in sequence.

The Chairperson (Mr Lyttle): John, up to £140 million of Fresh Start will be spent on the Strule campus. If I am not wrong, the total amount for Fresh Start is approximately £500 million. Is that right? Are we saying that potentially approximately one third of all Fresh Start money is going to be spent on the Strule education campus?

Mr Smith: That could be the case, yes. Obviously, Philip's side of the capital programme will take up the significant majority of Fresh Start spend.

Mr Irwin: In truth, with that allocation and everything else that has already been announced, the Fresh Start funding is effectively completely allocated; in fact, slightly over-allocated.

The Chairperson (Mr Lyttle): OK. What is your assessment of the percentage of that that has gone towards one project, albeit a shared project? Is that a fair amount for one project? Is that more than you would like to have allocated to one project, albeit a significant project?

Mr Irwin: If the project is worth doing and the business case says that it is worth doing, then, to some extent, where the funding comes from is —. We are not in the business of comparing the benefits of one project against the other. Once they are announced, our focus is on delivery.

The Chairperson (Mr Lyttle): OK. Maybe it is something that we can come back to.

No other members have any questions. Thanks very much for your patience, officials, in going through that. Obviously, a lot of those issues are issues that we will come back to in individual and focused briefings at a later date. Thank you so much for this first-day briefing. I look forward to working with you.