



Northern Ireland
Assembly

Committee for Education

OFFICIAL REPORT (Hansard)

Budget 2020-21: Department of Education

29 April 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
Ms Catherine Kelly
Mr Daniel McCrossan
Mr Justin McNulty
Mr Robin Newton

Witnesses:

Ms Susan Anderson	Department of Education
Mr Gary Fair	Department of Education
Mr Philip Irwin	Department of Education

The Chairperson (Mr Lyttle): I welcome Mr Gary Fair, director of finance in the Department of Education; Ms Susan Anderson, the Department's deputy finance director; and Mr Philip Irwin, the Department's director of investment and infrastructure. I advise officials and members that the evidence will be recorded by Hansard.

Recently, the Budget process appears to be in a different format every year, and this year is no exception. I understand that, owing to COVID-19 issues, there are significant pressures on certain departmental budgets and that, consequently, a further Vote on Account may be required. I therefore invite you to make a brief presentation to the Committee based on the written information that you have provided and reflecting on the emerging budget picture. Perhaps also in your presentation you can advise whether Education is one of the five Departments that are reportedly due to run out of money because of COVID-19 pressures. We will take questions from members thereafter.

Mr Gary Fair (Department of Education): I hope that everyone can hear me OK. Thank you very much for inviting us. I invited Philip Irwin to join us because, as you can see from the completed template that we forwarded to you, there is quite a lot on capital. It would be a more meaningful use of your time to have Philip with me.

The last time that I briefed the Committee, we did not have a Budget allocation. I was going to suggest that I update you on where we have got to from that point of view. I will also talk about the budget process that you mentioned, Chair. If you are content, I will make some references to the template with regard to pressures this year. Some of them have now been amended, partially in light of the COVID-19 situation but also because, over time, we have had a chance to look at some of those bids.

As always, we try to be as robust as possible when we bid for resources from the centre. Are you content with that approach? I will then pass over to Philip to make some comments on the capital side.

The Chairperson (Mr Lyttle): Yes, thank you.

Mr Fair: Since I updated you, the Department has been allocated its 2020-21 resource budget of £2.276 billion, which includes £42 million ring-fenced for special educational needs (SEN) and £16.5 million of confidence-and-supply funding. As you know, the confidence-and-supply funding was a risk the last time I briefed you, so it was helpful that we got that included. Effectively, taking everything into account, that reflected an increase of £226.6 million or about an 11% increase on last year's resource budget. It was not specified, but it included the pension contributions. If you recall, last year, we had to overcommit at the start of the year because there was a pensions pressure that we were not funded for. However, we had an agreement with the Department of Finance that we could bid for it in-year. Thankfully, this year, we have got that included as part of our baseline.

I had reported last time that we had pressures of £393 million, excluding the New Decade, New Approach (NDNA) commitments. Including the NDNA commitments, the pressures were £427 million. Obviously, with the allocation that we have got, that reduces the pressure now to about £165 million. There are still some challenging decisions to be made, added to the fact, of course, that we are in extraordinary circumstances and that the Department and the arm's-length bodies, particularly the Education Authority, face pressures as a result. We have made bids, and I will come to those shortly. Obviously, we did not know where our initial allocation would end up, so it is not meeting all the pressures that we identified. In some ways, it is not as bad as we were concerned it might have been at a certain point. However, there are still significant challenges for the Minister as he continues to decide on how he might want to allocate money. To be fair to the Minister, that process has been delayed to some extent, as we have been seeking additional funding for COVID-19-related pressures. That process continues.

Chair, you referred to the fact that some Departments could run out of cash very soon because of the additional pressures that are coming through in the COVID-19 crisis. The spring Supplementary Estimates (SSE) and the first Budget Bill debate on 24 February gave Departments about 45% cash Vote on Account for the new financial year, but, the way things have been going, that will probably not be enough. Moreover, the Main Estimates and the normal second Budget Bill are not likely to happen in June, as they do normally. As you said, it is likely that Departments such as ours will come under cash pressure if we do not get additional cash approved. The plan is that the Budget (No. 2) Bill will likely be focused primarily on voting additional cash for Departments to see them through, possibly until the autumn when the normal Budget Bill that will agree the Budget and the Main Estimates for 2020-21 will be passed. That delay is primarily because of the COVID-19 crisis.

That is some general background.

I refer members to the template that we forwarded to you. It is a standard template, as you are probably aware, that all Departments have been asked to submit to their scrutiny Committee. I can go back over any aspects that you want, but I will look at page 9 of the template.

The Chairperson (Mr Lyttle): Members, the template is at page 27 of your pack.

Mr Fair: Part B is entitled:

"Departmental Budgetary Requirements and Revenue Estimates 2020-21"

You will probably recognise some of it. The first column shows figures from pre-COVID-19. The total of the £413.9 of total pressures in that column and the £13 million in the table below is the £427 million that I referred to when I briefed you previously. That included all the pressures, including the new NDNA commitments. I will not go through all the figures in detail, but I will pick up on where there have been changes since the previous briefing.

I refer you to page 10 of your packs. As you know from our briefings to the Committee, we identified significant SEN pressures. We have always highlighted that there are always significant demand-led SEN pressures. We were, therefore, pleased to have received a ring-fenced allocation for that, as it will give the Minister some freedom in deciding how it is allocated this year when his decisions are made. There are significant pressures there.

I refer you to the implementation of the new SEN framework, as required under the new Special Educational Needs and Disability Act (Northern Ireland) 2016. You will note that the pressure has reduced from £30 million to £17.5 million. That is partly taking account of what is going on. I say at the outset that all the pressures have been reviewed in light of the COVID-19 crisis. Everyone will acknowledge that we are in extraordinary circumstances. That has meant that all Departments have had to review departmental business to see what is achievable. Over the past few weeks, there has been an immediate response, a big part of which has been to ensure that departmental staff, the Education Authority and other arm's-length body staff have taken immediate action to get as many people as possible working remotely. That has been successful on the whole. The majority of the Department's staff are working remotely in some form or other. That has enabled us to address the urgent requirements of the past few weeks and to ensure that our focus is on trying to maintain as much of our business as possible. Obviously, with schools closed, that has an impact on what can be taken forward. The SEN framework is an important area of work that needs to be taken forward. The £17.5 million, at this stage, assumes that schools might be open in September. Again, we are not near clarity on that, and it depends primarily on Health advice on what action should be taken over the coming months. That is the assumption at the moment, although it may have to be reviewed later in the year. That would allow some of the early work to begin on that.

There is an additional Sure Start pressure that was identified by the Health and Social Care Board, a recently highlighted pressure of £1.45 million. I am not clear why it came through late in the day, but it is primarily to ensure that existing services continue as normal. It would probably be seen to be a fairly high-priority bid; not a large amount as regards the whole, but an important bid.

There was an estimated requirement of £22 million for the voluntary exit scheme. We had a bit of discussion about that the last time I was before the Committee, and that has been reviewed. Again, it is a difficult one to estimate accurately in advance of the year. The best estimate at this stage is down to about £10 million. You will note as well, from the update in the template of last year's out-turn, that all the voluntary exit scheme funding, which is ring-fenced and cannot be used for any other purpose, was not required and we therefore gave it up at various points in the year. As with everything, the sooner we give up something like that because it cannot be used for other purposes, the better from the centre's point of view, because it can be reallocated for other purposes.

There is a new nurture programme, which the Minister still sees as a priority. Realistically, because of the cost, what is likely to be spent this year has reduced, again, primarily because a lot of settings are closed at the moment. It is still a priority, but the costs have been reviewed. Similarly, in other resource pressures, the nutritional standards aspect has been removed altogether, which has reduced the pressure to £1.4 million. We had identified a £3.8 million pressure in shared education, which was linked to external sources of funding for that. With all that is going on, there is already some baseline funding for shared education that is deemed sufficient for what the Department can realistically spend this year.

The delivery of a childcare strategy for Northern Ireland has been reduced. As you will realise, with some of these areas, given that there are still significant budget pressures, the budget in some ways drives what is achievable, and that is a challenge for the Minister as he thinks through what can be delivered. The £9 million reflects certain things that could be taken forward as the year proceeds, but the original £15 million has been revised in light of what is going on.

I will move on to the next set of bids, which, I know, you have spoken to the Minister and Derek about in more detail possibly. We have bid for a total of £93 million under the COVID-19-related heading. These are issues that we identified in a very quick turnaround time. You must acknowledge that every Department faced difficult decisions, and we had to come through with the most robust bids we could in a very short turnaround time.

The focus of meals provision is to ensure that children who would have been entitled to free school meals continue to receive them. The decision that was taken, in order to get that moving quickly, was to get money into parents' bank accounts to cover meals at about £2.70 a meal. We succeeded in getting an allocation of £19.3 million for that. There are other factors that could impact on that pressure as the year proceeds. The whole economy and society is affected by what is going on, and there are likely to be a lot more claims for universal credit, which, again, could increase the entitlement throughout the year. That will have to be kept under review, and we may have to submit further bids as the year proceeds.

Childcare is referred to, primarily to ensure that key workers can continue to go to work and have the least disruption possible in the care of their children. We succeeded in getting a £12 million allocation for that.

A bid has also been put forward for a hardship fund for substitute teachers. Discussion is ongoing on how best to deal with that, and the Minister is giving it some thought. The bid is in the range of £12 million to £14 million. We had originally bid for £12 million, but it might not be as high as that. To some extent, it depends on whether we are successful in getting money from the centre under the COVID-19 heading. That is under consideration by the Minister.

There are other Education Authority pressures of £10.4 million. That covers things like *[Inaudible]* additional cost of soap, antibacterial and other cleaning materials, increased cleaning costs to cover extended cleaning, loss of income that would have come through for school meals, loss of income relating to the music service and reduction of private hire taxi costs — sorry, that is offset against the pressures. The Education Authority faces various pressures.

On the COVID-19 bids, I should emphasise that it is all a bit fluid. Some pressures are becoming clearer with time and as organisations seek to normalise with the current arrangements. We will have to keep those under review and may have to bid for additional resources. Again, there is no clarity on what bids might be met, because there are very significant pressures across the Northern Ireland block that are being bid for under COVID-19.

The Council for the Curriculum, Examinations and Assessment (CCEA) bid was originally for about £5.2 million. That has since been revised, given the decisions that the Minister took on examinations. Various assumptions were made with the £5.2 million, so that has been revised down to about £1.6 million, and, again, we are considering how that might be met if it is not met from the centre.

The £4.1 million for the voluntary grammar and grant-maintained integrated (VG/GMI) canteen pressure relates to loss of income, again because they would have relied on external income to fund those.

Preparatory school costs are, again, related to fee income. I should say at the outset that the general assumption in the current arrangements is that, if schools or other organisations are funded from the public purse, the staff should not be furloughed, because they will continue to be paid. The problem with preparatory schools is that maybe only 30% of the staff costs are paid from the public purse. To keep the message consistent, we have bid for £2.3 million to try to cover the shortfall that some of those preparatory schools face. It is a similar situation with boarding schools. We have had a number of queries, and, again, they are linked to the loss of income, so we have bid for £1.8 million.

Pathway is an organisation to support children up to the age of four. Some of the settings were not successful in receiving government funding this year, but, because of the shutdown, they do not have the opportunity to seek income from elsewhere. We have made a bid for £0.725 million to protect those settings.

The next table refers to NDNA commitments. Whilst those things are still in the mix, there are significant pressures. It is all part of the mix that the Minister is considering.

That is all that I want to say at this stage. Would it suit best for you to ask me any questions on the resource side, before I hand over to Philip?

The Chairperson (Mr Lyttle): Yes. OK. I will start us off, Gary. The Department of Education previously bid for £427 million in resource pressures: is that correct?

Mr Fair: Yes.

The Chairperson (Mr Lyttle): You received an allocation of £227 million from the Department of Finance: is that correct?

Mr Fair: Yes.

The Chairperson (Mr Lyttle): That leaves a pressure of approximately £200 million.

Mr Fair: Yes.

The Chairperson (Mr Lyttle): OK. What are the implications of that £200 million pressure on the ground for education?

Mr Fair: It does still leave significant pressures, but we are not the only Department facing that. As I said when I was in front of the Committee before, we all have to be realistic in the current financial environment. Departments are in a conundrum, particularly ours, where there will have to be trade-offs. Obviously, the Minister will seek to do what he can, as always, to protect front-line service delivery, as far as possible. It requires a lot of thought about where the impact might be. It is about mitigating impacts, as far as possible. I know that the Minister is giving considerable thought to that, which is why there has been a delay in getting budgets out to schools and other organisations at the moment.

The Chairperson (Mr Lyttle): OK. There are, obviously, specific ongoing pressures on the key priorities for the Committee, such as special educational needs, childcare provision and school budgets. The 'New Decade, New Approach' document set out a commitment for the school budget deficits to be urgently addressed. Has that been achieved by this budget allocation or does a deficit remain?

Mr Fair: The final decisions are up to the Minister, obviously. We provide advice; the Minister considers the advice. The reality is that the NDNA commitment and certain other pressures were always dependent on what the final budget would look like, and there has always been a degree of realism around that. It may be that, while they are still Executive commitments, taking forward some of the NDNA commitments takes longer. I think that the Minister's focus will be on continuing to really try to protect front-line services.

The Chairperson (Mr Lyttle): What is the current shortfall for school budgets?

Mr Fair: We will not know until the Minister makes his final decisions on what the school budgets will look like, and that is part of the mix. Obviously, that will be impacted by other decisions that the Minister makes.

The Chairperson (Mr Lyttle): When will he be doing that?

Mr Fair: Fairly soon. From the Minister's point of view, he is obviously seeking to secure and maximise whatever funding he can get for COVID-related pressures, which is entirely appropriate, because they are unanticipated pressures and are just adding to the difficulties. From a timing point of view, that is a sensible approach. We hope that it will be fairly soon. I do not want to restrict the Minister's freedom, but I know that he is giving it priority and is certainly giving it considerable thought.

The Chairperson (Mr Lyttle): OK. Do you believe that, in the further Executive budget allocation process, for example in May, the Department of Education will receive further resource allocation to address that deficit?

Mr Fair: Sorry, are you referring to the next Budget Bill?

The Chairperson (Mr Lyttle): Yes.

Mr Fair: The focus of the next Budget Bill, as I understand it, will be primarily on ensuring that the Departments have enough cash to spend over the coming months, with all the uncertainty that exists. That will take account of additional money that the Departments are receiving under the COVID-19 heading. My understanding is that it will not be the normal Budget (No. 2) Bill that would confirm budgets for this year and the Main Estimates.

The Chairperson (Mr Lyttle): It is not providing you with additional funds; it is releasing existing allocated funds.

Mr Fair: It is primarily focused on cash and ensuring that we are able to proceed and spend the cash to back up the existing budgets that have been agreed.

The Chairperson (Mr Lyttle): At this stage, you are entering 2020-21 with a shortfall of approximately £200 million in the Department of Education budget.

Mr Fair: Yes. Roughly, £164/£165 million has been identified, plus any unmet COVID-related bids that are in the template. Yes, in ballpark terms. There are still significant pressures.

The Chairperson (Mr Lyttle): OK. I will bring members in on specific matters. I will start with the Deputy Chairperson, Karen Mullan.

Ms Mullan: Good morning, Gary.

Mr Fair: Morning.

Ms Mullan: Thank you very much for your update and all the papers that you provided. I have a few questions. You answered a good wee bit there. You outlined some budgetary headings that would reduce because of the situation that we are in. At this stage, is it possible for you to provide us with an assessment of whether there have been any resource savings due to the reduction in school operations over the past number of weeks?

Mr Fair: It is difficult to assess. I suppose, my personal view on that is that, because schools have been under such significant budgetary pressures over the past number of years and because the bulk of all schools' expenditure — as high as 95% in some cases — is staff costs, it would be difficult to assess that. Even if we did assess that there were certain savings, we know that schools are already under pressure and probably will still be under pressure, even if we can give them more in their budgets this year.

Ms Mullan: That sort of brings me on to my next point. You have highlighted the increase in the budget this year before COVID unfortunately happened. I know that we still would have had pressures, but we have added pressures now. This is the first significant increase that we have had in the education budget for quite a number of years. Can you advise, at this stage, on the likely impact on school budgets for the financial year going forward? I know that the aspiration has been for sustainable core budgets, but will the increase that you outlined go as far as we need in addressing that, even though we still have the shortfall that you mentioned?

Mr Fair: I do not believe that it will go as far as we have identified that it needs to go to, but we are hopeful that, subject to the Minister's decisions, at least there will be an increase to the money that is going out to schools through the aggregated schools budget formula this year. We have secured sufficient funding to fund the teachers' pay increase, for instance, but it will not be as much as, we reckon, we would need to really offset the build-up of deficits over the years and the shortfall that we have identified in some detail to the Committee in the past. It is not going as far as we would like. The Minister has to do the best with what he has, and I know that he certainly made an excellent pitch in securing the £127 million that we did get.

Ms Mullan: I suppose that it is a step. It is a process of probably a number years where we have to address many, many years of austerity here, and then there are the COVID pressures on top.

This is my last question. We have known that a review of the common funding formula was going on, and we chatted to you the last time about that. I know that COVID has hit, but what is the status of that review and has it been possible to present a paper to the Minister on what it will look like?

Mr Fair: We were all set. We had everything ready, first to go to the Department's top management group, policy review group, and then it would have gone on to the Minister. However, just at that time, the COVID crisis hit and there was the shutdown. As it formed part of the transformation programme, everything was put on hold temporarily. I would talk to the Minister, but it is maybe not the right timing yet for us to share any more on that with you, because the Minister has not had a chance to consider, and, with all that is going on, it is not seen as a top priority at the moment.

Ms Mullan: No problem, Gary. That is great. Thank you very much.

Mr Newton: Thank you, Gary. I have two areas to explore with you, Gary. They are areas where we should be investing for the future of the education of our children in the preparatory stages of their education. They are the childcare strategy and nurture investment. When you spoke to us originally, I think that you indicated that you were seeking a budget of around £15 million, and we are now talking about £9 million. Will you expand on that? The majority of members, if not all, see investment in the nurture area as being important. Can we achieve the additional 29 nurture units in primary schools

with £1.4 million? Will you talk about that, as well as the rationale for £9 million instead of £15 million for childcare?

Mr Fair: I will address the childcare strategy first. Obviously, Executive approval is required to finalise any strategy. There were various options. I was not able to go into the detail when I was in front of the Committee before, because I did not have it, but I think that you got a more detailed update the following week.

Mr Newton: Yes, that is correct.

Mr Fair: Yes, the initial estimate was identified as the potential. As I said previously, in general terms, it is a difficult one. There are various options and, obviously, different costs with different options, so it was always our best estimate of the bid at the stage when we were submitting bids. The costs will always be dependent on the scope of the strategy and the pace and scale of the roll-out of an extended offer. The revised estimate is dependent on progressing to the publication of a strategy in July or August of this year. Obviously, again, whether that is achievable is subject to everything else that is going on, but that is the plan, and it is more realistic. It is for ensuring that the likes of Bright Start funding can continue this year. It will pay for some admin and salaries and getting the departmental team up and running and ready to take a lot of that work forward.

Mr Newton: How much is that? How firm are you on that at this stage? How much speculation is there in that bid?

Mr Fair: I think that it is probably a realistic bid, at this stage. This, and everything else, is subject to the Minister's final budget decisions. As I said, some of this has been fast-moving. Some of the bidding process was fast-moving, even before COVID hit, so we were moving as nimbly as we could to pull together realistic bids, because we like to be robust before we go anywhere near the Department of Finance. We do not want to undermine the good relationship that we have. We have had an opportunity to review them again and to look at what is realistic and deliverable, partly in light of COVID and partly with the passage of time. Yes, I think, the £9 million is a realistic enough bid.

Mr Newton: It is a solid bid.

Mr Fair: Yes.

Mr Newton: What about the nurture programme?

Mr Fair: The original pressure was £2.4 million. It is the Minister's desire to expand nurture, but, obviously, with the closure of schools in response to COVID-19, it has not been possible to launch a new nurture programme, and it is not going to be possible to do so at the start of the school financial year. The £1.5 million bid, therefore, largely continues to ensure that the current arrangements are in place. Hopefully, with some movement towards developing that further, we can work to the future. Again, it is realism in the midst of all that is going on.

Mr Newton: Are we going to talk, in a few minutes' time, about the NDNA pressures, particularly the strategy to address underachievement? You can see the connection between childcare, nurture and underachievement.

Mr Fair: Yes.

The Chairperson (Mr Lyttle): Go ahead and ask a question about that, Robin, if you want to.

Mr Newton: Gary, your budget paper mentions the NDNA pressures and addressing the links between educational underachievement and socio-economic background. You have a bid there for £10 million.

Mr Fair: Yes.

Mr Newton: Right. That is now ring-fenced, but we are looking at those other two areas of childcare and nurture, which obviously feed into educational underachievement as well.

Mr Fair: Yes.

Mr Newton: If we do not get the childcare and the nurture unit together, we are not providing the right and the strongest possible foundation for addressing educational underachievement in the longer term.

Mr Fair: I acknowledge your point. Certainly, my understanding is that this is obviously seen as a significant priority by the Minister, but it is all wrapped up in the limited resources that we have and what can be delivered, realistically, within the budget constraints that we have. I completely acknowledge your point. There is an interrelationship there that is very important.

Mr Newton: Yes. OK. Thank you for that.

The Chairperson (Mr Lyttle): Robin, if I can just supplement the question with regard to the project addressing links between educational underachievement and socio-economic background, is the £10 million still an identified pressure at this stage, or is it an allocation?

Mr Fair: It is an identified pressure.

The Chairperson (Mr Lyttle): OK.

Mr Fair: As I indicated at the very start, really the only things that were specified when we got our budget allocation was the £42 million ring-fenced for special educational needs and the £16.5 million that came from the previous confidence-and-supply funding. We did not get any allocation for the voluntary exit scheme, which is normally a ring-fenced pot as well. We have not had anything there. The £10 million that I have identified as a pressure there is in the mix as well, so the Minister has a fair degree of freedom in how he allocates the resources, apart —.

The Chairperson (Mr Lyttle): Yes. I was going to say that we realise that this is a matter for the Minister, to a significant extent. Your understanding is that the addressing of links between educational underachievement and socio-economic background project is not scheduled to commence?

Mr Fair: At the moment, it is just part in the mix of, realistically, what can be taken forward. I am not saying yes or no on that.

The Chairperson (Mr Lyttle): We can maybe come back to that with the Minister. We appreciate that there is pressure on the education transformation programme in general but, given the extent to which members and the public are raising concerns around variable access to distance learning and resources needed for that, one would think that examining and addressing links between socio-economic background and educational opportunity and achievement remains extremely urgent and important. Therefore, we would like further information as to why that project would not be going ahead in some shape or form. We appreciate that the focus is, of course, on the COVID-19 response, but we cannot expect that all Departments are going to cease all operations other than COVID-19, especially when many of those operations relate to responding adequately to COVID-19.

Mr Fair: I agree with that. At the outset, I made it clear that, as a Department, we are seeking to ensure that we are addressing the most immediate issues, as well as, now that most people are working remotely, taking as much business as usual forward as possible. I emphasise again that I have not said yes or no on that £10 million. The point I am making is that it is within the mix as the Minister thinks through what his budget decisions will be. Ultimately, no matter what way you look at it, for all Departments, financial constraints impact, to some extent, what can be done in any year. That is not to say that certain things are not a priority.

Mr McCrossan: Thank you, Gary, for your presentation and for being with us this morning again.

Mr Fair: No problem.

Mr McCrossan: There is quite a lot of detail, and I have a number of questions. If you bear with me, Chair, I will be as swift as possible. One that jumps out is that, even prior to the outbreak of COVID-19, there was an expected shortfall, or pressure, for want of a better word, of in excess of £400 million.

You explained this morning that that is now expected to be around £165 million. Incidentally, I must mention that I heard that from the BBC news, just before this Committee commenced. Of the money allocated by the British Government and the Executive for specifically COVID-19 purposes, have any of those funds been used to plug that gap?

Mr Fair: No. From an accountability point of view, we have to be very careful that anything that we have been successful in getting under the COVID heading is used for the purpose that it was bid for. We have separate governance and accountability arrangements on that to ensure that, further down the line, it can be accounted for fully. That is important. It is not used to plug a previous gap that we identified.

Mr McCrossan: I am delighted to hear that, Gary. Just to clarify, then, for the sake of this, the difference between the £427 million, which was the original figure, and the £165 million — was that difference plugged by the money that was allocated under the agreement between the parties and the British Government during the talks process?

Mr Fair: No. That is still a gap. Before we got our budget allocation, I suppose, we were just ensuring that we bid for absolutely everything where, we felt, there was a pressure, including NDNA commitments. So, no, that is still a gap. It is an unplugged gap.

Mr McCrossan: I just wonder what has been done between the original figure of £427 million and £165 million. What funds have been used to bring it down to that level?

Mr Fair: It has been reduced through a combination of the allocation that we got — we got an extra £227 million — and a review of some of the pressures in light of the current circumstances and, I suppose, of what is truly deliverable this year, even leaving aside current circumstances. That has brought the gap down to about £165 million.

Mr McCrossan: OK. Just on that point, when we are discussing it, it concerns me that there is such an overcommitment in expenditure by the Department. I appreciate entirely why pressures exist — obviously, the absence of the institutions for three years, and now we are struck with COVID-19 and other challenges that would have come generally. What does the Department intend to do to balance its budget by the end of this year? What will happen if it, effectively, cannot do that?

Mr Fair: Sorry, I will just emphasise that we are not overcommitting as such, because budget decisions have not been finalised yet. The Minister is still considering how he can live within the budget that he has been allocated, notwithstanding the fact that the Department may wish to bid for additional resources through the in-year monitoring rounds. Certainly, the plan is to live within budget. Obviously, as has happened in the past number of years, some pressures relating to school spend etc may still come through in the form of increasing deficits, for which the Education Authority, ultimately, has to pick up the tab. Again, that could put the Education Authority's budget under pressure by the end of this year, but there is no sense that — sorry; maybe I confused the situation by referring to the fact that, last year, we started the year by overcommitting by a certain amount, but that was on the basis that we had an informal agreement with the Department of Finance that we could bid for the shortfall on the pension pressure at in-year monitoring. However, it is never the intention to set out the year with the intention of overspending. That is, I suppose, why the Minister is wisely taking his time to think through how best to allocate the budget that he has so that he is not completely irresponsible, I suppose, in that way. .

Mr McCrossan: Am I right in saying that it would be extremely difficult for business to continue as usual anyway, regardless of the COVID-19 situation, and to operate as normal within budget, and that, obviously, that is what has led to the pressures? I can understand and appreciate that, Gary.

Following on from the point that you made, rightly, about the Education Authority, it seems to run out of money quite often. I noticed that it maintains a flexible IOU system with schools until their deficits grow to the point where intervention is required. What criteria do you apply in order to determine when intervention is necessary? Have you any understanding of that?

Mr Fair: The approach that the Education Authority takes will probably be slightly delayed this year because schools are closed at the moment. It has local management of schools (LMS) officers who engage directly with individual schools to discuss their financial planning for the year ahead and on a three-year basis, which is difficult, obviously, in the current financial climate. There is robust

engagement that goes on at the start of the year. As you are probably aware from letters that I have written to schools in the past, I always stress the importance of good and early financial planning, even if it identifies that, for some schools, it is just not deliverable and they cannot live within the budget. The important thing is that the Education Authority, through the LMS officers, is securing that assurance from schools that boards of governors etc are doing all that they can do to live within their budgets and agree a realistic plan. It may not necessarily be a balanced plan for individual schools and will, obviously, lead to a deficit position, but at least at the start of the year they will agree what actions a school may need to take further down the line to live within budget.

So there are very firm financial management arrangements in place between the Department and the Education Authority, and the Education Authority and individual schools, with a degree of realism, given the current financial constraints, but nonetheless robust arrangements. Certainly, in due time, the Education Authority will be investing more in the robust monitoring of those school plans throughout the year. Certainly, it is a robust position at the start of the year as plans are being agreed, and there have been improvements in the last year. Certainly, last year there was a significant improvement in getting those plans approved sooner rather than later, so the schools have clarity on what they have to spend and the difficult decisions that they have to make, if need be.

Mr McCrossan: Gary, to clarify, are you aware whether there are set criteria to determine when intervention is necessary by the Education Authority, or is it done on a case-by-case basis? If it is a case-by-case basis, that gives me some concern about the consistency of the approach and monitoring.

Mr Fair: I am not quite sure what you mean by intervention. The Education Authority does not have a lot of levers, for instance, if there was a sense that a board of governors was being irresponsible with its budget, although that is something that a sub-committee of the Education Authority board is considering.

Mr McCrossan: I am aware of a school that is millions of pounds of debt, for instance. I am just wondering — you know?

Mr Fair: It is those robust discussions that take place between the Education Authority and individual schools. Some schools have already been identified as unsustainable. They are invariably going to be running up deficits, and that will be picked up as part of the area planning arrangements. There are other schools that may need to make some difficult decisions, but it may take more than a year to see those decisions through. They work closely together on that front. Perhaps your comments are linking back to a reference I made to the fact that the Education Authority, ultimately, has to pick up the tab for any deficits that are built up?

Mr McCrossan: Yes.

Mr Fair: That is just the reality of budgeting. A board of governors will have to make difficult decisions to seek to live within budget. However, ultimately, deficits have been increasing because there is a wide recognition that schools just have not received sufficient funding. However, it is just the way the budgeting system works that the Education Authority, ultimately, has to pick that up. Therefore, interventions are positive interventions, as far as possible, and robust engagements, and working with schools. We in the Department, and Education Authority colleagues, have been very aware of the pressure that a lot of principals have felt under, and it has taken a big personal toll at times. It is about working in that environment in as constructive and robust a way as possible, without pushing people over the edge either, but working with schools. However, as I say, some schools are ultimately unsustainable, and that will require decisions under the area planning process.

Mr McCrossan: Yes. Just bringing it back to a point about the IOU system, I notice from points that were made and in the correspondence kindly provided, that the EA faces pressure of £10.4 million. I am conscious of the fact that the EA seems to be constantly running out of money. What mechanisms are being put in place to ensure that it lives within its required budget by the Department of Education? Ultimately, what is happening here is that, while schools are getting into debt, the IOU system that is being led by the Education Authority puts them under pressure and, in turn, puts the Department of Education under further pressure. If there are no adequate mechanisms in place to ensure that that does not happen or to ensure a consistent approach, that gives me some concern about how this can get out of hand, for want of a better description.

Mr Fair: The £10.4 million of Education Authority pressures that I referred to earlier are specific COVID-related pressures, so it could never really have foreseen those coming. They were highlighted as one of our bids. By way of assurance, from my point of view in the Department, we have arrangements in place where we robustly engage with the Education finance side, with the chief executive regularly challenging on budgeting matters. There is nothing passive about that; we have a very robust process in place.

The challenges that the Education Authority faces is that an awful lot of the pressures that it has to handle, such as special educational needs and transport costs, are demand-led. It has genuine challenges that may require longer-term solutions ultimately. That, I think, is why thought was being given by the Education Authority to what a longer-term recovery plan might look like.

The Chairperson (Mr Lyttle): Daniel, let me come in very briefly. The Minister is scheduled to be with us at 11:00 am. Four more members are to ask questions, and I am conscious that we have not touched on capital. I ask members to keep their resource questions as focused as possible. We can, perhaps, invite Philip Irwin, director of investment, to return to the Committee next week, but I am conscious that there is a Budget debate in the Assembly next Tuesday. If we can keep our resource questions as concise as possible, we may get to hear briefly from Philip and ask some brief questions around capital. If members have capital questions in particular, let me know, and I can try to move us through the resource questions. Do you want to finish, Daniel?

Mr McCrossan: Yes, it is just a very brief point, and it is relevant to what we have discussed. Gary has already touched on it. It is in relation to the SEN pressures in the EA, and I note that £40 million is earmarked. I am concerned, given what this Committee has learned in recent months in relation to the EA's handling of SEN and considering the recent damning reports about the EA's work. Is the Department confident that governance arrangements in respect of SEN at EA are what they should be in this regard?

Mr Fair: I cannot really comment on that at the moment. I know that there is a lot going on in the background, but I am not qualified to comment on that at the moment.

The Chairperson (Mr Lyttle): Daniel, perhaps, if you are content, you can ask that question of the Minister.

Mr Fair: I am confident, from what I know, that the chief executive is taking forward actions to deal with any issues. The Department has confidence in that, but I cannot comment on the detail.

Mr McCrossan: Thank you, Gary. I appreciate that.

The Chairperson (Mr Lyttle): Gary, you will appreciate the need for us to receive reassurances in that regard, given the scale of the money that is absolutely needed for SEN.

Mr McNulty: Gary, Philip and Susan, thanks for coming to our Committee today. I have a number of questions. The youth work budget is £2 million less than it was last year. Surely, given the impact of COVID-19 on young people's mental health, additional resource is necessary. Can you provide any clarity on that, Gary?

Mr Fair: Sorry, Justin. What are you referring to, if you do not mind me asking?

Mr McNulty: I have lost my place now, Gary. There is a figure showing that £2 million less is provided for youth work than was provided for last year.

Mr Fair: I do not have the detail on that, but I suppose the point is that that is related to a specific bid, presumably, although I am not sure.

Mr Philip Irwin (Department of Education): Sorry for cutting in. There may be some confusion here, Gary. That may relate to the capital paper, and I can talk about that later on maybe. Are the numbers that you are referring to a reduction from £12 million to £10 million?

Mr McNulty: Sorry, I have lost that place, Philip and Gary. I will check that and come back to you, Philip. I will clarify that.

There was a bid for £12 million to £14 million for the substitute teachers hardship fund. Is there any more detail on that, or how it would work? Is there any indication of a time frame for announcements? Sub teachers have been unpaid for too long and they are really in a desperate place. They need support fast. What is going on?

Mr Fair: All I can say is that a case has been put to the Department of Finance. The Minister has been engaging with the Finance Minister. It is a very live discussion, at the moment. The Minister's desire is to try to get some decisions on that as soon as possible.

Mr McNulty: We will raise that with the Minister as well, of course. I appreciate that finances are tight and there is a need to prioritise. Are there any bids that the Department of Education has made to the Department of Finance that have already been rejected?

Mr Fair: For COVID-related responses?

Mr McNulty: For anything.

Mr Fair: We submitted the full £427 million of bids at the outset. I suppose you could say that they were rejected. The Finance Minister, obviously, had to make decisions across the entire block, so he was allocating budgets as realistically as possible. In one sense, you could say that they were rejected. We got our allocation, but it was what was affordable out of the Northern Ireland block for our Department.

Mr McNulty: Can you illuminate me as to what, specifically, has been rejected, Gary?

Mr Fair: You can look at the long list of bids that we originally submitted. It is not so much that individual bids have been rejected, we just got less than we were looking for overall. We got £227 million, as opposed to £427 million, although some of the bids had been revised downwards, which reduces the overall gap. It is not that specific bids were rejected, it is just that *[Interruption]* we got a budget allocation which did not meet all of our bids, but it was not done —.

Mr McNulty: You say that you got a budget allocation which is £200 million less than you sought?

Mr Fair: Yes, but you asked me the question of which bids were rejected, and I cannot answer that specifically because that is not the way that it works when we are allocated a budget as a Department. We are allocated a certain budget envelope, and then it is up to the Minister to decide how it is spent. He then looks again at the bids we put forward, and prioritises and does the best he can with the envelope that he has been provided with.

Mr McNulty: OK. Schools have no budgets with which to plan for next year. How will they be supported with all the additional costs? I am talking about schools, not the Education Authority. How will the money be allocated, and under what formula? So many schools are already in debt.

Mr Fair: It will be done through the common funding formula, in the normal way, through the aggregated schools budget. *[Interruption.]* The overall amount that will be allocated is still to be decided by the Minister and, hopefully, he will be able to write to schools very soon to give them an indication of what their budgets are.

Mr McNulty: Schools are very keen to get that information. OK, Gary. Thank you for your answers.

Mr Fair: No problem.

Mr Butler: I will be as quick as I can, Chair, as we are running out of time. I will just ask a couple of questions, if that is all right, Gary.

Touching on what Justin was alluding to, we had a £10 million bid for the development of the mental health and emotional well-being framework previously. Even given the COVID pressures and the pressures of the existing mental ill-health that was suffered by a lot of pupils, we expect that that will be *[Inaudible.]* There is no increase in that projected budget, which concerns me slightly at this stage. Everything I read of the professional work done by clinicians and those who work with children and young people indicates that there will be an inevitable mental health pressure on our pupils. There is a

really good article in 'The Lancet', only a week old, which shows that, according to a survey by YoungMinds, 83% of young people who have an existing mental illness report that their conditions are worse. It says here that breakdown "Includes Current covid ... ASK", but I wonder why there is no COVID ask in the mental health and social well-being framework, because there will be additional pressures.

That is one thing, and the next is closely related to that. You know that mental health and special educational needs are priorities for this Committee. Kids with special educational needs figure very highly in the prevalence of mental ill-health. I am sure there is a good explanation for this one: there is a reduction in the bid for the implementation of the SEN framework, but they go hand in glove.

The answers might roll into one, Gary. I am intrigued by the £10 million, if it is not increased, given what is definitely going to be a pressure and the reduction in the SEN and the relation between the pressure with mental health and kids with special educational needs.

Mr Fair: Yes. I will comment on the SEN framework first. Part of the reason is that, with schools closed, the deliverability and the timescales have been affected. With regard to emotional health and well-being, the Department is continuing to work collaboratively with the Department of Health, the Public Health Agency and the Health and Social Care Board, so there is proactive engagement. Some of it is around deliverability within timescales and the budgetary impacts. I cannot answer your question on why they are not separate bids. Perhaps the Department of Health has highlighted particular pressures around mental and emotional well-being, but I am not sure, so I cannot comment on that.

Mr Butler: Obviously, when bids come in, there is a business case for them. We have been pushing the Minister and the permanent secretary to see if they are still on course to deliver the framework by December. It is more important than ever that something like this is delivered. I know that drawing up the business plans for the bid is not your bailiwick, but you provide the scrutiny.

Mr Fair: Yes.

Mr Butler: It sticks out like a sore thumb, given the nature of the pressures that are going to be on young people. We listened yesterday to the Justice Minister talking about the domestic abuse Bill and the extended pressures that are on kids at home, who are subject to abuse or in an environment where they are self-isolating inside self-isolation to protect themselves, and there are hundreds, if not thousands, of kids. I know what you are saying; there is an element for the Department of Health here. However, when it comes to children, getting them back to school and providing that mental health framework, that is 100% on the schools.

The Chairperson (Mr Lyttle): Robbie, can I suggest that you hold that question for the Minister? We are almost out of time. Robbie, if you will forgive me, I shall allow Catherine and Maurice to ask Gary a very short question each, in order to give Philip a brief moment to refer to capital spending.

Catherine, do you want to ask a short question first, then Maurice? I will ask Gary to respond to both, in closing.

Ms C Kelly: Thank you, Chair, and thank you, Gary. As a response to COVID-19, the Department initially sought an additional £24.9 million for childcare and received £12 million. It is unclear what period this allocation is intended to cover, as the timelines seem to differ between the two Departments. Does the Department view the allocation of £12 million as an interim payment; and does it expect to seek and secure a further allocation to meet the initial amount that was sought?

Mr Fair: Yes. I will answer that question first. The £12 million is for the period until the end of June. There is a lot of uncertainty around how long the lockdown will go on, so we will, potentially, be seeking more money in due course.

Ms C Kelly: Thank you.

The Chairperson (Mr Lyttle): Thank you, Catherine, and we can pursue that with the Minister as well. Is Maurice there to ask a final question?

Mr M Bradley: Yes, thank you, Chair. I will be brief. My question is about exams and the CCEA. My fears, all along, have been around the appeal process and how it can be managed. I am concerned that, this year, there will be a massive increase in appeals and applications to resit exams. In light of the reduction of the proposed budget from £5 million down to £1.5 million for the CCEA, has it been taken into account that there may be more applications for resits and more appeals?

Mr Fair: That is a good point. The £1.6 million reflects the best estimate of what the pressure might be, at this stage, but I understand that there are still discussions and thought being given to the appeal process. There may well be an additional pressure that we will have to bid for. It is unclear at this stage.

Mr M Bradley: Thank you, Chair.

The Chairperson (Mr Lyttle): Gary, thank you. We have five minutes left. If Philip wants to give us any headlines around capital, we can afford one or two short questions in response. The Minister is scheduled for 11:00 am.

Mr Fair: Chair, can I make one other comment, without wanting to steal Philip's thunder?

The Chairperson (Mr Lyttle): Yes, very briefly. Go ahead.

Mr Fair: On the question about the emotional health and well-being in education framework, I want to make it clear that the framework is progressing towards the anticipated timescale of the end of this calendar year.

The Chairperson (Mr Lyttle): OK. That is encouraging.

Mr Fair: That is just in case I confused the issue there.

Mr Irwin: I will be fairly brief, but can I check one thing, Chair? In the interests of consistency across Departments, we have been asked to forward all the information using the same template as Gary has used there. However, that does not lend itself to easy explanation, so I will forward a separate letter. I want to check that members have that letter in front of them, and, specifically, the table in it.

The Chairperson (Mr Lyttle): Yes. Just one second. Clerk, where is that located?

The Committee Clerk: It is at page 3 of the tabled items, members.

The Chairperson (Mr Lyttle): It is on page 3 of the tabled items, members. OK, Philip. Thanks.

Mr Irwin: I will keep my comments brief and, basically, focus on that table. It shows the proposed allocations by programme for the capital allocation that we have received, which, this year, is £138 million; down some £14.6 million on the equivalent allocation last year. I should say that, on top of that, it is Executive capital. There is also an allocation of £19.1 million for Fresh Start projects, which is in line with our requirements. The table shows both the projected out-turn by programme for each of the programmes this year and the proposed initial allocations. You will see that, for major works, we are staying pretty much in line with what we spent last year, albeit that it is probably £10 million down on where we would have been in February pre-COVID-19, and it probably comes with a lot of qualifications around uncertainty, which I may speak about at the end. The £4 million for the school enhancement programme (SEP) is probably a lot firmer, but it relates mainly to the design work on the more recently announced school enhancement projects, which is not being impacted to the same degree as the construction work.

The minor works allocation of £64 million is built up of £40 million that we deem to be inescapable — the minimum that we just cannot go below — and the remainder, which is the balancing figure when we have allocated across the other programmes. In that case, the balancing figure turned out to be £24 million on top of the £40 million. Youth allocation is £10 million, which is pretty much in line with where youth spend has been over the past number of years. Finally, there is a bit of a step up in what is deemed to be "other capital". The big drivers in that are ICT and transport. A couple of large business cases from the Education Authority are with the Department that anticipate spending reasonably significant, chunky figures on those projects in-year.

That is the summary of the allocations. As I said, the whole thing is characterised by uncertainty. Currently, none of our projects, from minor works to youth to major works, is on site. There is uncertainty about the date on which contractors will return, albeit we are aware that a number are making plans to come back in May. There is also a lot of uncertainty about whether they can implement social-distancing protocols when they come back, and the degree to which that will impact on their ability to progress projects, which, again, will impact on spend and on the budget.

There is also an impact from the EA staffing side, whereby staff who have been involved in the capital delivery process have been reallocated to deal with immediate issues and pressures relating to COVID-19. Again, there is some uncertainty about when they will return and the scale of the impact that their being away has had.

For that reason, we deem those to be initial allocations. Obviously, in any year, we manage by programme and will move money around as and when pressures appear or there is slippage in programmes. However, I suspect that, in this year, the situation will be particularly fluid, and we will move money around quite a bit, depending on how things pan out with the pandemic.

Finally, we have probably gone from a point where the total budget allocation was maybe £10 million to £15 million less than we would have been comfortable with to a situation where the big issue for us might be being able to deliver all of this, given the fact that we are probably going to lose most of the first quarter of a year for construction and that we have all these inefficiencies on staffing and so on. Basically, a lot of this is speculation at this point. Hopefully, over the next few months, we will get to a position where things are firmer as contractors go back. However, the whole thing is characterised by uncertainty at the moment.

The Chairperson (Mr Lyttle): OK, Philip. Thank you. Members, the Minister will be with us at 11 am. Should I ask Philip if he is content for us to submit written questions to him that he can endeavour to come back to us on, prior to the debate next Tuesday? Are Members content? Does anyone have a super-urgent matter?

Mr McNulty: Chair, the £2 million that I mentioned earlier, that is where it came from. It has reduced: last year it was £12 million, and next year it is £10 million.

The Chairperson (Mr Lyttle): Before you come back, Philip, does anyone else have any really urgent capital questions for Philip to respond to, or are members content to submit them in writing?

Ms Mullan: Content.

The Chairperson (Mr Lyttle): Philip, why has the youth capital budget reduced from £12 million to £10 million?

Mr Irwin: The £10 million is an initial allocation. The reason that it will have reduced is driven by the projects that we have in the pipeline and what, we think, can be delivered. We will lose the first quarter of the year, no matter what. Therefore, it will be slightly less than it would have been in an equivalent year. However, if we can find a way of accelerating those projects, the money will be available. I suspect that, if we can do more to accelerate any of the programmes, the money will be available.

The Chairperson (Mr Lyttle): Officials, thank you very much for your briefing today. We will submit further written questions to you, given that time has beaten us. Hopefully, you will endeavour to come back to us on those prior to the debate next Tuesday. Thank you.