

T R I B A L

CONFIDENTIAL

**Comprehensive Spending Review
peer review**

Education, Sport and Culture

25 August 2010

States of Jersey

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Executive Summary

This report sets out the results of our peer review of the work carried out by the Department of Education, Sports and Culture in response to the Comprehensive Spending Review. Our terms of reference were set out in the States' Invitation to Tender of June 2010.

Scope and Terms of Reference

"A comprehensive spending review is now underway, part of which involves a number of major service reviews in the Department for Education Sport and Culture (ESC). These reviews have already been commissioned by ESC and a number are already underway.

We are now seeking an independent overview of ESC's review programme to provide programme assurance on whether:

- each review has been undertaken in a rigorous manner;
- all opportunities for improving efficiency and deliver savings have been explored;
- there are other opportunities for savings that have not been identified."

Our proposed approach was set out in our initial response to the terms of reference above and modified by our subsequent letter of 24 June 2010.

At an early stage of our review, it became apparent many of the service reviews referred to had been commissioned prior to the CSR and were therefore not designed to meet the objectives of the CSR. In early discussions with ESC Officers, we established that the purpose of these reviews was to inform management on a range of issues and that they formed a part, but not all, of the process by which savings had been identified for the CSR.

We therefore agreed with the States that we would still review these reports, as they provided the drivers behind some of the more significant savings put forward, but our main focus would be:

- to challenge the validity, viability and robustness of the savings which had been put forward;
- to identify areas where there may be opportunities for additional savings.

Structure of this Executive Summary

As our review has progressed, we have presented emerging findings to the Steering Group meetings held on 13 and 24 August. This executive summary has therefore been prepared to reflect that progression, and the concluding position reached by 24 August. It is therefore set out "chronologically" as follows:

- **the Department's approach to the CSR** – this summarises the budget and the way in which ESC has approached the CSR;
- **CSR savings identified** – this summarises the savings which ESC identified in its original submissions, together with our views on robustness; it also summarises additional savings identified by our review, and which ESC has now included in its submissions;
- **Further savings opportunities** – this summarises a number of “ideas” which we listed following the Steering Group meeting on 13 August, together with a summary of financial potential, prepared after the Steering Group meeting on 24 August;
- **Future savings potential** – this sets out our views on the longer term potential for further opportunities aligned to the major service review which ESC is embarking on;
- **Overview of the service reviews** – this sets out our findings and conclusions with respect to the service reviews which ESC has carried out.

The evolving nature of the review has meant that our executive summary is more detailed than might normally be the case, and that some content which might normally be included as detail is included in this summary.

The Department's approach to the CSR

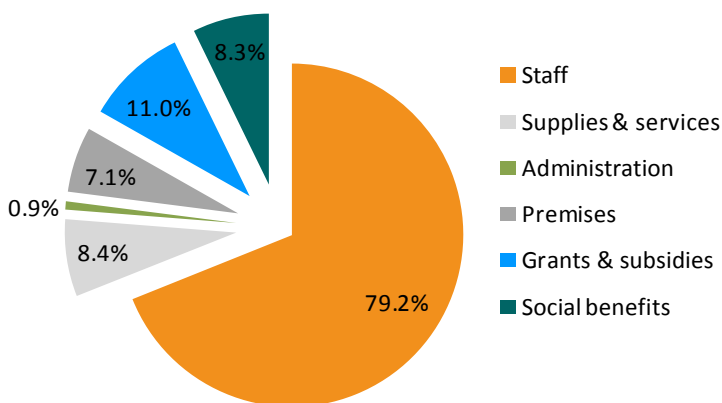
The Department's approach to the CSR has recognised that:

- a very high proportion of the Department's costs are represented by staff costs, the majority of which are teaching costs;
- in the short term, with a number of exceptions where retirement or voluntary severance is an option, teaching staff costs are difficult to reduce without prejudice to work that is currently going on to overhaul the service;
- to secure substantial reductions in staffing in schools has to involve fundamental reorganisation of substantial parts of the service;
- experience from the UK is that such reviews cannot be completed in less than three years;
- the forthcoming Green Paper on Education will set the scene for the future of Education in Jersey;
- any transformation of the service will take time, and that, if the Department is to “get it right”, it needs to have set a clear strategy and a plan for implementation of that strategy;
- with nearly 80% of the Department's costs being staff cost, a successful service transformation will be essential to ensuring a sustainable financial future for the ESC;
- teaching staff savings will be available within 3 to 5 years, but are unlikely to be achievable (certain proposals excepted) within the 2011/13 time span of the CSR.

Therefore, although the Department has identified a number of savings in the education expenditure budget, it has also focussed on other parts of the

service where savings are more likely to be achievable in the period of the CSR period.

Figure 1: Summary of departmental expenditure (£102 million in 2009/10)



Source: States of Jersey 2009/10 budget

CSR savings identified

Savings amounting to £1.2 million per annum by 2013 (comprising £1 million for 2011, and £0.2 million in subsequent years) previously been submitted by ESC to the CSR and have been accepted. We have not therefore re-visited those savings.

Savings subsequently identified by ESC and presented to us are set out below, together with our assessment of robustness (red being difficult to achieve, green being relatively straightforward to achieve, with amber reflecting a mid-point position).

The summary is shown below, and further detail is provided in Section 2. Two of the items below (adding up to £2 million per annum) have been assessed as difficult to achieve either in full or in part, because the numbers are broad estimates or because they imply the loss of staff on an assumption of voluntary severance or natural wastage (and not on any assumption of redundancy).

Therefore, of the £8.3 million which has been identified, the Department is well positioned to secure £6.3 million, but there is risk attached to £2 million for the reasons explained above.

For this reason, we have, further on in this executive summary, provided a broad financial evaluation of where there might be additional short term savings.

Figure 2: Tribal assessment of ESC savings proposals

	£'000 annual amount by 2013	Financial calculation	Feasibility	Achievability in timescales
Savings that require reconfiguration of resources				
Nursery education (reduction in hours)	£500k	A	G	G
Delivery of a more efficient model of secondary education	£1,000k	R	A	R
Alternative curriculum provision re-configuration	£250k	A	G	G
Exploration of different models of collaboration within the tertiary sector	£1,000k	R	A	A
Youth service management	£100k	G	G	G
Sports management team	£180k	G	G	G
Savings which involve reducing grants or increasing income				
Grants to schools	£4,494k	G	G	A
Instrumental and music charges	£200k	G	G	G
Increase sports charges	£160k	G	G	G
Reduce grants to sporting bodies	£160k	G	G	G
Other headings under £100k	£167k			
Total savings not previously included in CSR	£8,311k			

Source: Savings data provided by ESC; red / amber / green ratings assessed by Tribal

During the course of our review, we identified a number of areas where we considered that additional savings, over and above those which the ESC had already identified, were achievable by 2013. These are detailed in Section 3 of this report. They are summarised below and have now been included in ESC's CSR submissions – see below.

Figure 3: Additional savings identified by Tribal, now included in the CSR

Description	£'000 annual amount by 2013	Technical feasibility	Financial feasibility
Structure and organisation of secondary and post 16 provision	£250k	G	A
Secondary education PTRs and productivity	£300k	G	A
Efficiency savings in the primary sector	£300k	G	A
Pay and conditions (specific issues)	£200k	G	A
Total	£1,050k	G	A

Source: Savings estimated by Tribal; red / amber / green ratings assessed by Tribal

In summary therefore:

- ESC's initial submissions for 2011 amounted to £1.0 million per annum, on top of which a further £0.2 million was identified by 2013;
- the subsequent submissions which we have evaluated above amount to £8.3 million per annum, by 2013;
- ESC has now included the additional Tribal identified savings of £1.1 million by 2013;

The total cumulative savings, by 2013, now amount to £10.6 million, slightly in excess of the 10% required by the CSR.

Following the Steering Group meeting on 13 August, we identified a number of areas where we felt that ESC might look for further savings in order to provide a degree of "choice". These follow in the next section of this executive summary.

At the Steering Group meeting on 24 August, these items were discussed in more detail. Following that meeting, and in conjunction with ESC Officers, we then made a broad initial evaluation of what the quantum of those savings might be. This is set out in table in the section of this executive summary which follows.

Further savings opportunities

At the meeting of the Steering Group on 13 August, it was proposed that the Department should look for additional savings over and above those already identified to allow for choice.

In order to assist that process, our suggestions as to where the Department might look are:

- caretaking: there 37 FTE caretakers across the primary and secondary services; can these services be shared or merged?
- teaching assistants: there are currently 65 FTE's in primary and 26 FTE's in secondary; is this the most effective number?
- teachers' allowances and supplements: are there opportunities for a more rigorous approach?
- part time, agency or casual staff: are there opportunities for more effective use of resources?
- energy and water costs (although this might not be saving to the education budget): experience here indicates that there are often savings to be made by reducing wastage in schools?
- sickness, absenteeism and overtime levels: are these higher than the norm?
- sharing management: can head teacher, deputy and other management functions be shared across schools?
- sports grants: these have already been halved but could the Department go further?
- sports charges: a selective 10% increase over inflation for the next 3 years has been identified – could these be raised further?
- sports centre outsourcing: should the Department be looking at this in more depth?
- nursery services: a 33% reduction in hours is currently planned – should further reductions be contemplated?
- grants to fee paying schools: a 50% reduction is currently planned – could this be increased?
- youth service and sports management: reductions are currently planned – could these services be more severely curtailed?
- arts and heritage: is there any scope for securing patronage or additional funding?

Subsequent to the Steering Group meeting on 24 August, and in conjunction with ESC Officers, we made broad estimates of the potential financial impact of the above ideas, in order to provide some alternatives to the savings already put forward in the CSR.

These estimates are set out below, together with a red, green, amber indication of their feasibility. It should be recognised that the figures have been put together in a very short period of time, and will require further assessment and research in due course.

Figure 4: Broad estimates of additional savings potential

Savings opportunity	Already in CSR (per annum)	Additional potential (per annum)	Feasibility
Youth service management (major service cuts)	£0.1m	£0.6m	R
Pre-school provision (reduce to 15 hours in all sectors)	£0.5m	£0.7m	A
Sports charges (increase across the board by 10%)	£0.2m	£0.2m	G
Energy in ESC (10% saving)	-	£0.2m	G
Teachers allowances & supplements (hard approach)	£0.2m	£0.4m	R
Part time & agency staff (cut back)	-	£0.1m	A
Schools maintenance costs (more effective procurement - 25%)	-	£0.2m	G
Sports maintenance costs (more effective procurement - 25%)	-	£0.1m	G
Caretakers in primary schools (25% reduction)	-	£0.2m	R
Total additional potential (excluding grants below)		£2.7m	
Grants to fee paying schools (longer term – eliminate)	£4.5m	£5.2m	A

Source: Estimates prepared by Tribal and ESC Officers 24 August 2010

Notes to the above table:

- the option with regard to further reductions in grants to fee paying schools is shown separately above as this is a long term option;
- potential opportunities which might arise from changes in policy regarding teaching assistants, and sharing head teacher, deputy and other management functions have not, at this stage, been evaluated.

Future savings potential

Higher Education

We are aware that the States' contribution to Higher Education (currently over £8 million per annum) is discretionary, and is currently subject to political and policy review. The level on ongoing cost will, of course, be impacted by future decision in fees in the UK. Therefore, we have not addressed this heading.

Discretionary Services

The Youth Service represents 1.4% of the budget, Sports 3.4% and Arts & Heritage 3.4%. Together, these services cost approximately £8 million per annum. Some reductions in the Youth Service and in the Sports Service, amounting to £0.6 million per annum, have been made in the CSR. Further reductions could, of course be made in these areas but they would probably involve further service cuts as opposed to service efficiencies. For this reason, we have prioritised our work on teaching costs (see below).

Teaching Costs

In Section 3, we have focused on teaching costs and the main business driver behind these costs, namely the pupil/teacher ratio (PTR). Care needs to be taken when making comparisons with the UK, and we are aware of a number of factors that need to be taken into account when making comparisons.

However, benchmarking is, none the less, a useful tool in determining whether there may be scope for efficiencies in this area, and the broad quantum of that scope. Based on the evidence available, we do not think there are any short term opportunities for schools closures, although the primary sector will need to be kept under review. However, we do think that there are medium to long term opportunities to increase the ratio of pupils to teachers.

In Section 3 of our report, we have shown how Jersey's PTRs compare with those in the UK. Jersey's ratios, (adjusted for differences in calculation methods) are at the lower end of the scale:

- for secondary schools, the average is 15, compared with the UK average of 16;
- for primary schools, the average is 19.2, compared with the UK average of 21.5.

Taking this differential, not just as an indicator that there are efficiencies to be secured from increasing class sizes, but as a wider indicator of the efficiency of the service (recognising that there are a number of factors that influence the PTR):

- if Jersey were to reach the English average level for secondary schools, the saving would amount to £1.3 million per annum;
- if Jersey were to reach this level for primary schools, the saving would amount to £2.4 million per annum.

The potential savings, identified above, arise, not just from a change in the PTRs. In order realise them, schools closures and re-distribution of pupils will be needed.

In terms of staff, this level of saving equates to 25 people in the secondary sector and 55 people in the primary sector. If this was not matched by a change in productivity, there would also be an increase in group sizes and some restriction of curriculum choice and, in the case of the primary sector, this would involve the closure of 4 schools.

The Department has already put forward savings of £1.5 million in the CSR, which therefore leaves an amount of £2.2 million which, in our view, represents a financial opportunity to be further explored.

To put these figures in context, the £2.2 million represents 5% of the current budget for primary and secondary education. The challenge question which we therefore raise in this report is the extent to which ESC should target an annual efficiency improvement in its staff cost of 1% per annum, over a 4 to 5 year period?

We are, of course, aware of the potential service implications of any cut in teaching resources, but we are assuming that the review of the service which the Department is now undertaking will look firstly at productivity and other staffing issues to identify where this saving might come from.

Overview of the service reviews

The results of our review are set out in Section 4. We measured each of the 12 projects against 10 key measures in order to assess their robustness and contribution to the financial objectives of the CSR. As for our assessment of the actual CSR savings, we also used a red, amber, green assessment.

The results are summarised below. There were a total of 120 possible assessments. However 2 of the reviews had not yet started (property and libraries) and we have therefore excluded them from the analysis below, making a revised total of 100.

- 31 assessments were marked G
- 39 assessments were marked A
- 30 assessments were marked R

Whilst this is not, on the face of it, a good result, the comments which we have made above regarding the purpose of these projects need to be recognised. Most of the work was not designed to meet the financial objectives of the CSR.

They have, none the less, provided the foundation for the proposals that provide the larger CSR savings, namely:

- reductions in grants to fee paying schools: £4,494k;
- delivery of a more efficient model for secondary education: £1,000k;
- exploration of different models of collaboration within the tertiary sector: £1,000k.

With a few exceptions, we found that the work undertaken has been rigorous and insightful and consistent with the set terms of reference.

The work has provided a sound and rich foundation for the proposals to be included in the forthcoming Green Paper on the future of education.

Acknowledgement

Our work was carried out in a very short time scale. Without the support of the Officers of the Department, we would not have been able to produce this report.

We would therefore like to take the opportunity to express our thanks and wish the Department every success in the future as it moves forward.

1. Background and approach to the CSR

1.1. 2010 Budget by subjective heading

The 2010 budget for the Education Department amounted to £102 million, and may be analysed as set out in the table below.

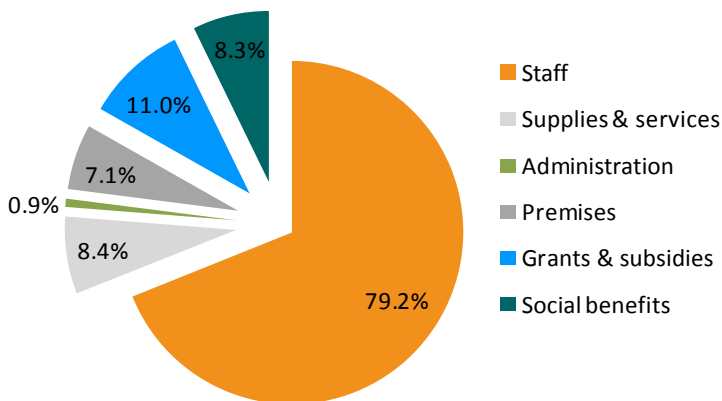
Figure 1: 2010 budget by subjective head

	£ million	% of total
Staff	80.8	79.2%
Supplies & services	8.6	8.4%
Administration	0.9	0.9%
Premises	7.2	7.1%
Grants & subsidies	11.2	11.0%
Social benefits	8.5	8.3%
Total expenditure	117.2	
Less income	(16.4)	(16.1%)
Net budget	100.8	
Use of reserves	1.2	1.2%
Total available for 2010	102.0	100%

Source: States' 2009/10 budget

As illustrated in the graph below, the proportion of the budget accounted for by staff costs is substantial, and this will obviously have an impact on the area with most potential for savings.

Figure 2: Breakdown of ESC budget by area of spend



Source: States' 2009/10 budget

1.2. 2010 budget by service heading

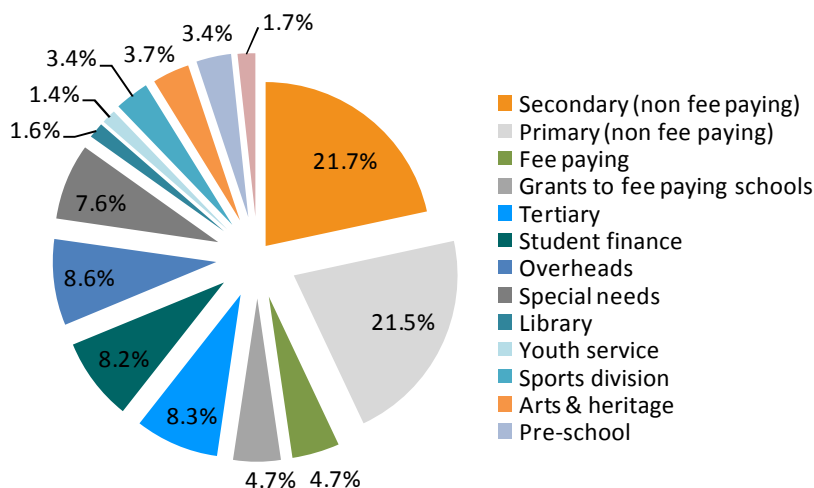
By service, the 2010 budget may be analysed as follows:

Figure 3: 2010 budget service head

Service	% of budget
Secondary (non fee paying)	21.7%
Primary (non fee paying)	21.5%
Fee paying	4.7%
Grants to fee paying schools	4.7%
Tertiary	8.3%
Student finance	8.2%
Overheads	8.6%
Special needs	7.6%
Library	1.6%
Youth service	1.4%
Sports division	3.4%
Arts & heritage	3.7%
Pre-school	3.4%
Other front line	1.7%

Source: States' 2009/10 budget

Figure 4: 2010 budget by service heading



Source: States' 2009/10 budget

In terms of areas of spend where the Department has discretion as to whether to deliver the service, we would highlight:

- the youth service, sports, and arts and heritage (8.5% of the budget);
- pre-school services (3.4% of the budget);
- student finance (8.2% of the budget);
- grants to fee paying schools (4.7% of the budget);
- overheads (8.6% of the budget, although spending is a matter of quantum).

1.3. The Department's approach to the CSR

As explained further in Section 2, the Department's approach to the CSR has identified savings which broadly equate to the targets of 2% for 2011, 5% for 2012 and 10% for 2013.

The work which has been carried out by the Department has acknowledged that:

- a very high proportion of the Department's costs are represented by staff costs, the majority of which are teaching costs;
- in the short term, with a number of exceptions where retirement or voluntary severance is an option, teaching staff costs are difficult to reduce without prejudice to work that is currently going on to overhaul the service;
- to secure substantial reductions in staffing in schools has to involve fundamental reorganisation of substantial parts of the service;
- experience from the UK is that such reviews cannot be completed in less than three years;

- the forthcoming Green Paper on Education will set the scene for the future of Education in Jersey;
- any transformation of the service will take time, and that, if the Department is to “get it right”, it needs to have set a clear strategy and a plan for implementation of that strategy;
- with nearly 80% of the Department’s costs being staff cost, a successful service transformation will be essential to ensuring a sustainable financial future for the ESC;
- teaching staff savings will be available within 3 to 5 years, but are unlikely to be achievable (certain proposals excepted) within the 2011/13 time span of the CSR.

Therefore, although the Department has identified a number of savings in the education expenditure budget, it has also focussed on other parts of the service where savings are more likely to be achievable in the period of the CSR period.

1.4. Tribal’s report

Our report includes and comments on:

- the savings referred to above which have been identified for the purposes of the CSR (Section 2);
- the range of savings which might reasonably be expected from the work which is currently being undertaken on the longer term shape of the service (Section 3);
- the quality and relevance of the specific service reviews which have been carried out by the Department in support of the CSR, although it should be recognised that much of this work was commenced before the CSR in order to inform management on a range of issues (Section 4);
- responses by the Department to a number of specific questions raised in connection with the CSR (Section 5).

2. Commentary on CSR savings identified by the Department

2.1. Summary of savings identified by the Department

The Department has identified the savings referred to in this report in two phases.

The first phase, which took place before our review, showed:

- savings identified for 2011 of £1.0 million, with a further £0.2 million relating to 2012 and 2013.

The second phase, on which we comment below, showed:

- additional annual savings for 2011 of £0.8 million;
- further annual savings for 2012 of £3.5 million;
- further annual savings for 2013 of £4.0 million.

Therefore, by 2013, the cumulative annual saving submitted to the CSR comprises the £1.2 million already submitted, plus a further £8.3 million subsequently identified:

- making, therefore, an accumulated total of £9.5 million;
- or 9.3% of the 2010 budget of £102 million.

2.2. Our review of the savings

We have reviewed the main items contained within the £8.3 million additional savings identified, and set out below our main findings as to the robustness and achievability of the savings.

We have not looked at individual headings of less than £100k overall, on the basis that it was important for us to focus on the material items. Further, we have not looked at items previously accepted by the CSR (£1.2 million per annum) on the basis that the robustness of these has already been debated, nor have we looked at items which were previously rejected by the Minister (£1.4 million per annum).

In order to advise the reader of this document, we have assessed the robustness of each item on the basis of:

- **financial calculation** – how specific and therefore robust is the calculation of the saving;
- **feasibility** – how feasible or practical it is for the Department to implement the savings opportunity;

- **achievability in timescales** – whether the opportunity is achievable within the timescales described.

We have then “traffic lighted” each item to indicate our conclusion, on the basis that:

- **G** reflects a saving which is clearly defined, relatively easy to secure, and which is “cash-backed”;
- **R** reflects a saving which is estimated, harder to deliver and where the relationship of the action proposed to delivery of the saving is indirect;
- **A** reflects a mid- point between the criteria above.

To assist in the review, we have also analysed the savings between those which involve:

- reconfiguring the resources (people and assets) required to deliver the service;
- and those which involve reducing grants or increasing income, and which therefore do not impact the Department’s people or assets.

An important consideration in assessing the robustness of a potential saving has, as noted above, been its capacity to be directly converted to cash. We are aware that savings can be driven by reductions in the value of funding units from the Department to schools. However, until such as time as a school is able to match a reduction in funding to an actual reduction of staff numbers or other costs there is no immediate cashable saving.

The analysis which the Department has presented has assumed that voluntary severance and redundancy costs will be borne corporately, together with any associated additional pension costs.

2.3. Our assessment

The table below summarises our findings in relation to the robustness of the savings which the Department has identified. Each of the lines identified is supported by a further summary analysis in the individual sheets which follow.

	£'000 annual amount by 2013	Financial calculation	Feasibility	Achievability in timescales
Savings that require reconfiguration of resources				
Nursery education (reduction in hours)	£500k	A	G	G
Delivery of a more efficient model of secondary education	£1,000k	R	A	R

	£'000 annual amount by 2013	Financial calculation	Feasibility	Achievability in timescales
Alternative curriculum provision re-configuration	£250k	A	G	G
Exploration of different models of collaboration within the tertiary sector	£1,000k	R	A	A
Youth service management	£100k	G	G	G
Sports management team	£180k	G	G	G
Savings which involve reducing grants or increasing income				
Grants to schools	£4,494k	G	G	A
Instrumental and music charges	£200k	G	G	G
Increase sports charges	£160k	G	G	G
Reduce grants to sporting bodies	£160k	G	G	G
Other headings under £100k	£167k			
Total savings not previously included in CSR	£8,311k			

Notes to the above table:

- The savings in relation to **the more efficient model of secondary education** are seen as difficult to achieve, as there is no direct link between any change in funding and the consequent reduction in staff numbers which would be required to actually deliver the saving;
- The savings arising from the **different models of collaboration within the tertiary sector** are seen as challenging because, whilst our experience of (FE) mergers suggests that this level of saving should be achievable from a merger of institutions which, between them, turn over in excess of £15 million per annum, discussions are at an early stage, and the figure is an estimate;
- The largest single saving comes from **the proposed reduction in grants to schools**. This analysis takes no account of any political considerations, and therefore suggests that this is a relatively straightforward saving to realise, if this is what is decided. Timing may, however, be an issue and this will clearly depend on a number of factors, including political appetite.

2.4. Phasing of the savings

We have summarised below the projected phasing of the savings which have been identified by the Department. This analysis needs to be seen in the context of the achievability summarised above.

The first table shows the annual incremental change over the previous year. The second table shows the cumulative annual savings from the base year (2010).

Table 2.2: Phasing of savings (incremental change)

	Items previously included in the CSR £'000	Items previously not included in the CSR £'000	Total £'000
2011	£993k	£842k	£1,835k
2012	£80k	£3,530k	£3,610k
2013	£80k	£3,939k	£4,019k
Total	£1,153k	£8,311k	£9,464k

Table 2.3: Phasing of savings (cumulative change)

	Items previously included in the CSR £'000	Items previously not included in the CSR £'000	Total £'000
2011	£993k	£842k	£1,835k
2012	£1,073k	£4,372k	£5,445k
2013	£1,153k	£8,311k	£9,464k

In terms of comparison with the 2010 baseline of £102 million:

- 2011 shows a saving of 1.8%;
- 2012 shows a saving of 5.3%;
- 2013 shows a saving of 9.3%.

2.5. Savings assessments

2.5.1. Nursery education (reduction in hours)

Savings opportunity:	Nursery education (reduction in hours)
Savings Description	Reduction in the provision of nursery education within Jersey's primary schools from 30 hours per week to 20 hours per week.
Does this impact a mandatory service?	No.
Annual value of saving	Cumulative £'000 (i.e.: annual savings achieved by end year): 2011: £0 2012: £167k 2013: £500k.
Description of cost savings	All staffing costs, to be achieved through re-deployment.
How have the savings been calculated	The hours of service provision have been reduced by 33%. The cost saving represents 25%, based on losing 5 teaching and 5 lunch cover hours. Assumptions include: <ul style="list-style-type: none"> the capacity to re-deploy teaching resources; provision for the posts that the staff affected will be redeployed into will be realised by voluntary severance and retirement. Link between the actions proposed and delivery of cash savings is indirect.
Is the opportunity viable?	<ul style="list-style-type: none"> Financial calculation A Feasibility G Achievability in timescales G
Has the saving been agreed with the Minister for submission to the CSR?	No.
What is the impact on service?	Low – brings public sector nursery provision into line with the private sector, in terms of provided hours.

2.5.2. Delivery of a more efficient model of secondary education

Savings opportunity:	Delivery of a more efficient model of secondary education
Savings Description	<p>This saving will arise as a result of demographic factors:</p> <ul style="list-style-type: none"> ▪ falling pupil numbers, post 16; ▪ changes in distribution of students between years, which also provides a small potential for reducing costs. <p>Additionally, a saving is anticipated as pupils are re-directed to absorb spare capacity at Grainville (reducing the level of deficit), which will allow other schools to rationalise staff at those schools currently with a half form entry.</p>
Does this impact a mandatory service?	Yes.
Annual value of saving	<p>Cumulative £'000 (i.e.; cumulative annual saving by end year):</p> <p>2011: £0 2012: £500k 2013: £1000k.</p>
Description of cost savings	Costs affected are staff costs.
How have the savings been calculated	<p>This saving is an estimate of the likely/potential impact. Its delivery depends on:</p> <ul style="list-style-type: none"> ▪ pupil numbers actually falling across the board, post 11; ▪ voluntary or natural loss of staff; ▪ ability to actually divert pupils to institutions with spare capacity; ▪ ability to reduce classes in secondary schools (e.g. remove half form entry). <p>This saving is more likely over the medium to longer term. Achievement of the saving is indirectly linked to the actions that will give rise to it.</p>
Is the opportunity viable?	<ul style="list-style-type: none"> ▪ Financial calculation R ▪ Feasibility A ▪ Achievability in timescales R
Has the saving been agreed with the Minister for submission to the CSR?	No.
What is the impact on service?	Low, but may be perceived as higher by pupils and parents directly affected.

2.5.3. Alternative curriculum re-configuration

Savings opportunity:	Alternative curriculum re-configuration
Savings Description	Re-configure the alternative curriculum, and make alternative provision through Highlands College.
Does this impact a mandatory service?	Yes.
Annual value of saving	Cumulative £'000 (i.e.; cumulative annual saving by end year): 2011: £0 2012: £0 2013: £250k.
Description of cost savings	This proposal impacts staff costs.
How have the savings been calculated	The savings are based on the costs of 4 FTE's. Delivery of the saving is dependent on: <ul style="list-style-type: none"> ▪ voluntary severance or redundancy; ▪ staff at Highlands having the skills and expertise to deliver this aspect of the service.
Is the opportunity viable?	<ul style="list-style-type: none"> ▪ Financial calculation A ▪ Feasibility G ▪ Achievability in timescales G
Has the saving been agreed with the Minister for submission to the CSR?	No.
What is the impact on service?	Low, based on capacity to make suitable alternative provision.

2.5.4. Exploration of different models of collaboration within the tertiary education sector

Savings opportunity:	Exploration of different models of collaboration within the tertiary education sector
Savings Description	Highlands currently spends £11 million per annum. Hautlieu currently spends £4.5 million. Economies are envisaged from closer collaboration between these organisations, although the form of that collaboration has not yet been determined.
Does this impact a mandatory service?	Yes.
Annual value of saving	Cumulative £'000 (i.e.; cumulative annual saving by end year): 2011: £0 2012: £0 2013: £1,000k.
Description of cost savings	Further work is underway to model the implications of changes and generate robust estimates. It would be expected that the majority of savings would be staff costs.
How have the savings been calculated	Estimates of savings are indicative at this point and are based on a judgement by senior ESC staff. This figure is an estimate of the potential saving that might emerge from bringing together 2 institutions with a combined turnover of £15 million +.
Is the opportunity viable?	<ul style="list-style-type: none"> ▪ Financial calculation R ▪ Feasibility A ▪ Achievability in timescales A
Has the saving been agreed with the Minister for submission to the CSR?	No.
What is the impact on service?	Low.

2.5.5. Youth service management

Savings opportunity: Youth Service Management	
Savings Description	Reduction in the number of people managing the service, following on from an earlier re-structure.
Does this impact a mandatory service?	No.
Annual value of saving	Cumulative £'000 (i.e.; cumulative annual saving by end year): 2011: £0 2012: £100k 2013: £100k.
Description of cost savings	Reduction in staffing and contract costs.
How have the savings been calculated	These are specific cash savings as follows: <ul style="list-style-type: none"> ▪ termination of contract costs (2 FTEs); ▪ 1 retirement and 1 potential voluntary severance. There is some (minor) risk to continuity of partnership funding.
Is the opportunity viable?	<ul style="list-style-type: none"> ▪ Financial calculation G ▪ Feasibility G ▪ Achievability in timescales G
Has the saving been agreed with the Minister for submission to the CSR?	No.
What is the impact on service?	Low. Expectation is that the service will re-configure and be sustainable, albeit at a reduced level.

2.5.6. Re-structure sports management team

Savings opportunity: Re-structure sports management team	
Savings Description	Reduction in the sports management team.
Does this impact a mandatory service?	No.
Annual value of saving	Cumulative £'000 (i.e.; cumulative annual saving by end year): 2011: £0 2012: £0 2013: £180k.
Description of cost savings	Reduction in staff costs.
How have the savings been calculated	Specific calculation, based on identified people. 3 people at the Fort (1 retirement, 1 voluntary severance and 1 possible compulsory redundancy)
Is the opportunity viable?	<ul style="list-style-type: none"> ▪ Financial calculation G ▪ Feasibility G ▪ Achievability in timescales G
Has the saving been agreed with the Minister for submission to the CSR?	No
What is the impact on service?	Low.

2.5.7. Grants to schools

Savings opportunity:	Grants to schools
Savings Description	Reduction in the ratio of grant [paid to the private secondary sector] from 50% to 25%, ceasing the grant to St Georges and St Michael, and reducing FCJ to 25%.
Does this impact a mandatory service?	Yes.
Annual value of saving	Cumulative £'000 (i.e.; cumulative annual saving by end year): 2011: £749k 2012: £2,996k 2013: £4,494k.
Description of cost savings	Reduction in grant payable to these organisations. This may (or may not) be wholly passed on by these organisations. No staff cost implications to the States.
How have the savings been calculated	<p>Arithmetic percentages of budgets, and therefore estimates are specific and accurate. Analysed as follows:</p> <ul style="list-style-type: none"> ▪ Secondary schools (provided): £2,023k; ▪ Secondary schools (non-provided): £1,705k; ▪ St George & St Michael: £588k; ▪ FCJ: £178k. <p>The calculations assume no significant return of pupils to the state sector. There is a substantial waiting list for each private school. Independent professional advice has been taken on the likely elasticity of demand for places at private schools.</p> <p>Timing of changes will depend on how quickly negotiation with the bodies affected can be completed.</p>
Is the opportunity viable?	<ul style="list-style-type: none"> ▪ Financial calculation G ▪ Feasibility G ▪ Achievability in timescales A
Has the saving been agreed with the Minister for submission to the CSR?	No.
What is the impact on service?	Low, based on qualitative educational criteria.

2.5.8. Instrumental and music charges

Savings opportunity:	Instrumental and music charges
Savings Description	Introduction of (part cost recovery) charges for the delivery of this service. This supersedes any previous proposals concerning instrument hire or contributions. It proposes charges for access to the Jersey Instrumental Service, which will include access to instrument hire, lessons and ensemble.
Does this impact a mandatory service?	No.
Annual value of saving	Cumulative £'000 (i.e.; cumulative annual saving by end year): 2011: £40k 2012: £160k 2013: £200k.
Description of cost savings	No cost implications. Income generation opportunity.
How have the savings been calculated	Based on phased introduction of charges starting at £35/term, rising to approximately £75/term. Assumes minimal fall off of demand.
Is the opportunity viable?	<ul style="list-style-type: none"> ▪ Financial calculation G ▪ Feasibility G ▪ Achievability in timescales G
Has the saving been agreed with the Minister for submission to the CSR?	No.
What is the impact on service?	Low, although this might impact families on low incomes.

2.5.9. Increase in sports charges

Savings opportunity: Increase in sports charges	
Savings Description	This opportunity proposes that charges for the facilities are increased incrementally over the next 3 years by 10%, over and above the rate of inflation. The increase would be phased in at 3% per annum.
Does this impact a mandatory service?	No.
Annual value of saving	Cumulative £'000 (i.e.; cumulative annual saving by end year): 2011: £53k 2012: £107k 2013: £160k.
Description of cost savings	No implications for costs. This is an income generation proposal.
How have the savings been calculated	Specific percentage basis on current base. Assumes that this (modest) increase will not impact the number of users of the facilities.
Is the opportunity viable?	<ul style="list-style-type: none"> • Financial calculation G • Feasibility G • Achievability in timescales G
Has the saving been agreed with the Minister for submission to the CSR?	No.
What is the impact on service?	Low.

2.5.10. Reduction in grants to sporting bodies

Savings opportunity:	Reduction in grants to sporting bodies
Savings Description	£340k per annum is currently dispersed by the Advisory Council to clubs and associations to support travel and development of officials; support to sporting organisations to employ development officers; and enabling funding for festivals and events. A reduction of this funding in the region of 50% is proposed, with an anticipation that the establishment of the Jersey Sports Foundation will result in continued support for these organisations through private funding.
Does this impact a mandatory service?	No.
Annual value of saving	Cumulative £'000 (i.e.; cumulative annual saving by end year): 2011: £0 2012: £160k 2013: £160k.
Description of cost savings	No cost implications. This is a reduction in government funding to external bodies with the expectation that further funding will be generated from the private sector.
How have the savings been calculated	Following discussions with interested parties and consideration of alternative models a public private partnership can be developed, but will continue to require part States funding.
Is the opportunity viable?	<ul style="list-style-type: none"> ▪ Financial calculation G ▪ Feasibility G ▪ Achievability in timescales G
Has the saving been agreed with the Minister for submission to the CSR?	No.
What is the impact on service?	Low, assuming alternative private sector funding is provided to the Jersey Sports Foundation.

3. Financial opportunities not identified in the CSR

3.1. Introduction

The terms of reference for this assignment requested that we provide programme assurance on whether:

- each review has been undertaken in a rigorous manner;
- all opportunities for improving efficiency and deliver savings have been explored;
- there are other opportunities for savings that have not been identified.

In our subsequent correspondence, we undertook to carry out:

- a service assessment that looks at the content of each review, examining whether account has been taken of best practice and innovative approaches from elsewhere, whether there are further opportunities for savings and service improvement, and how well the issues of deliverability have been addressed;
- an assessment of each of the reviews, but place the bulk of our time on those that we agree with the States as priorities (e.g. the combined review of primary and secondary education).

As explained elsewhere in this document, the service reviews were only part of the Department's process of identifying savings for the CSR. We have therefore taken the savings which have been identified (Section 2) as our base for identifying what areas might give rise to further savings.

3.2. Priorities for review

The bulk of the Department's expenditure relates to the provision of education. Libraries, youth service, sports, arts, heritage and other services represent 11.8% of the total, which leaves 88.2% of the costs as relating to the core business. We have focussed our review on the core business as:

- libraries have not yet been reviewed by the Department;
- the other non-core services are discretionary, and therefore CSR decisions will be around whether to deliver these services, and their quantum, rather than their efficiency as such;
- the main business driver for the Department is the efficiency and effectiveness of the education service, and this is where sustainable long term savings need to be made if the financial impact of the CSR is to be sustainable in the long term.

Within education, we have focussed on primary and secondary provision, because:

- these represent the largest areas of expenditure;

- savings of £1 million per annum have already been identified in the tertiary sector as a result of increased collaboration between Highlands and Hautlieu, and £1 million has been assumed to be saved as a result of the delivery of a more efficient model of secondary education;
- we are aware that there is a major funding issue surrounding the cost of higher education (which will be significantly impacted also by decisions yet to be made in the UK), and that the extent of provision of funding by the States will be a matter for political debate.

3.3. Business drivers for primary and secondary education

In terms of the efficiency and effectiveness of the education service, we see the main financial business drivers as:

- the physical configuration of the service (number of schools, their location etc), smaller schools inevitably having a higher cost per pupil;
- the effective use of the estate in terms of utilisation and throughput, minimising the level of surplus places;
- the securing of the right balance between quality and class size, reflected in the ratio of pupils to teachers;
- the provision of a cost effective solution to post-16 education in terms of secondary and further education, a particular issue for the States of Jersey.

In looking at the States' provision, we fully recognise that there are a number of unique issues that need to be recognised, including:

- the level at which pay has been determined (28% above the UK has been the figure advised to us by States' Officers) – we have not considered this issue as this is subject to a review across the States of Jersey;
- opportunities to reduce the number of schools are limited (without re-build) due to the small number of schools – the evidence in both primary and secondary sectors is that spare capacity is not currently sufficient to support any closures as a means of cost reduction;
- there are unpredictabilities around demographics – this is not unusual, but changes will have more impact on forecasting in Jersey than in the UK as there is no option for using providers off island.

In our experience, and given the points identified above, the single most important driver of efficiency for Jersey is **the Pupil Teacher Ratio (PTR)**. That is not to say there are not other business drivers or measures of efficiency such as:

- ratios of support staff to pupils/teaching staff;
- unit costs of running/maintaining premises;
- estate/classroom utilisation, etc.

However, as a broad and high level measure of the efficiency of the service, it is a useful starting point because, if the ratio is low, it raises a number of wider questions, for example:

- can efficiencies be made by reducing the number of staff or increasing class sizes without detriment to the service?
- is the capacity/size of the school such as to optimise the use of people resources?
- are there too many small schools?
- if so, what is the financial impact of indivisibility of resources or fixed overheads?
- is the physical configuration of the schools effective?
- what is the ratio of teaching to non teaching hours?
- how good is productivity?
- what is the level of sickness/absenteeism?
- are there any ineffective teaching staff ?
- are there teaching staff performing non-teaching duties?

3.4. Measuring efficiency in Jersey

For the reasons outlined above, we have used Jersey's PTR's as a high level measure of the efficiency of the service in order identify what scope there may be to secure further cost reductions, over and above those already reflected in the CSR.

It is important to note that these are indicators of performance and that, as explained above, there may be many factors driving good or poor performance beyond the more obvious and immediate measures of class size.

In terms of converting the spare capacity which might be suggested from a review of PTR's, it also needs to be recognised that there are practical constraints on delivery of the financial improvements that might be implied.

For example:

- with relatively small schools, it will not always be possible to match pupil numbers to teacher numbers in the optimum ratio;
- reducing the number of teachers may impact choice and the range of subjects offered;
- there is currently a fixed cost in each school (head teacher, deputy, administration, care taking etc);
- if less than ideal ratios exist because of the size of schools then the solution lies in changing the physical configuration of the service;
- if this is the case, then part of the solution may need capital funding to secure the longer term benefits.

For the reasons outlined above, there is therefore a difference between the overall improvement that the PTR indicates may be achievable across the

wider service, and the practical translation of that improvement into staff numbers in the short to medium term.

3.5. Pupil teacher ratios (PTRs)

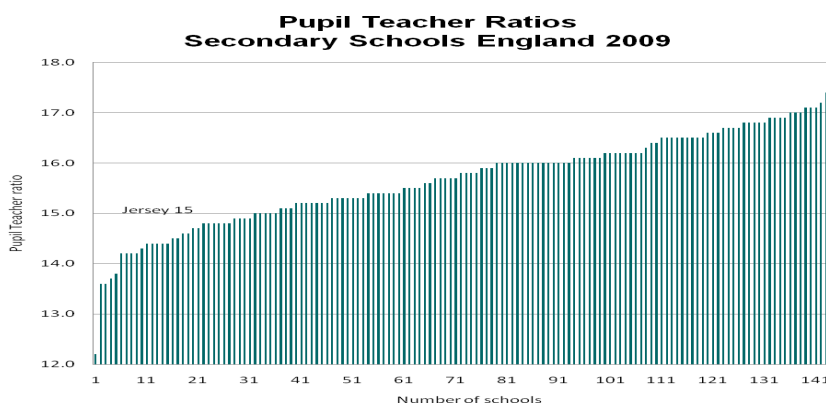
3.5.1. Secondary education

The table below compares the English PTRs with those currently operated in Jersey.

Based on 3,669 pupils, Jersey’s PTR stands at 14.7 pupils per teacher.

Recognising differences in calculation between Jersey and England (the Head Teacher is included for England but not Jersey), and the elimination of 450 16+ Hautlieu pupils, the revised equivalent PTR for Jersey is 15.

Figure 1: Comparison of secondary pupil teacher ratios



Source: Published English PTR statistics 2009

Whilst Jersey’s staffing ratio of 15 is at the lower end of the comparison with England, the difference, whilst indicating that improvements can be made, is not substantial.

In terms of financial potential (based on the 2010 budget):

- if this difference were to be extended across all of the secondary staff costs (teaching and non-teaching), and could be delivered in practice, an improvement to the English average of 16 would lead to annual savings of approximately £1.3 million.

However, given the issues which we have raised above regarding the translation of the potential savings, the Department’s figure is more prudent.

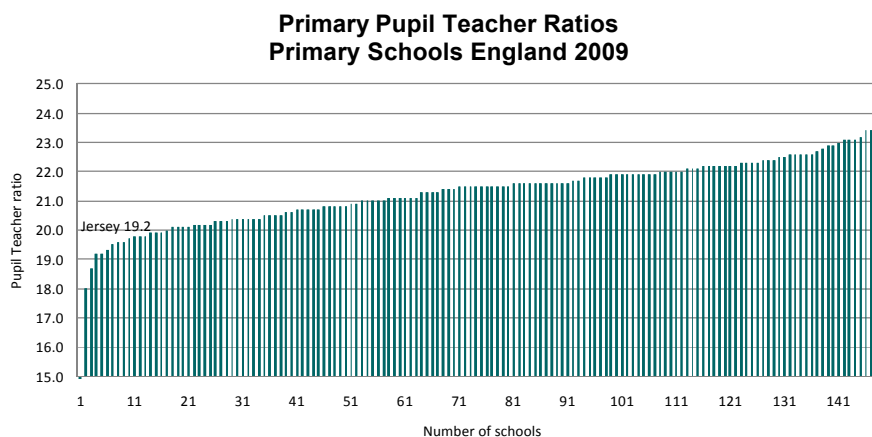
By running the changes suggested in the PTR through the funding formula, the Department has calculated that each improvement of 1 in the PTR will produce savings of £0.7 million per annum. That saving represents the equivalent of removing 4 staff from each secondary school with consequent impact on curriculum offering and choice.

We comment further on these issues in our conclusions at 3.5.4 below.

3.5.2. Primary Education

Using the same methodology as for secondary education above, and based on 4,926 pupils, Jersey's PTR stands at 21 pupils per teacher. Adding back 22 Head teachers decreases the PTR to 19.2.

Figure 2: Comparison of primary pupil teacher ratios



Source: *Published English PTR statistics 2009*

As was the case for secondary schools, the difference in staffing ratios is not substantial, particularly recognising local factors. However, it does suggest that there is further potential for savings. It is relevant to state at this point, that, whilst there is spare capacity in this sector, that capacity is not sufficient, in terms of established measures, to support closures. This will need to be kept under review.

In terms of financial potential (based on the 2010 budget):

- if this difference were to be extended across all of the primary staff costs (teaching and non-teaching), and could be delivered in practice, an improvement to the English average of 21.5 would lead to annual savings of approximately £2.4 million.

As for the secondary sector above, the Department's figures are much more prudent. These figures calculate a saving of £0.3 million for each change of 1 in the ratio.

The difference here is much more marked because, whilst the total spend on primary education (21.5% of the Departmental budget) is very similar to secondary education (21.7% of the budget);

- PTR's for primary schools are more out of line with English averages than is the case for secondary schools;
- there is higher proportion of non-teaching staff in primaries than secondaries, and our calculations have worked on assumptions that efficiencies in this area are equally achievable
- the financial impact of "indivisible" resources is more marked in the primary sector which has 22 schools compared with 4 in the secondary sector

We comment further on these issues in our conclusions at 3.5.4 below.

3.5.3. Specific savings identified

The 4 pro-forma schedules which follow summarise specific areas within the core service where we are of the view that savings can reasonably be expected to accrue from actions currently envisaged by the Department, albeit that the timescales are generally:

- a minimum of 2 years hence;
- a maximum of 5 years hence;

We have "traffic lighted" the savings on the basis of the extent to which they should be technically and financially feasible.

These savings are not additional to the potential identified in the PTR comparison above, but provide support to them.

The summary is as follows:

Description	Indicative annual saving (over and above amounts already identified in the CSR) £'000 per annum	Technical feasibility	Financial feasibility
(1) Structure and organisation of secondary and post 16 provision	£250k	G	A
(2) Secondary education PTR's and productivity	£300k	G	A
(3) Efficiency savings in the primary sector	£300k to £500k	G	A

Description	Indicative annual saving (over and above amounts already identified in the CSR) £'000 per annum	Technical feasibility	Financial feasibility
(4) Pay and conditions (specific issues)	£200k	G	A
Total	£1,050 to £1,250k	G	A

The totals above are significantly beneath the potential savings which have been identified above, suggesting that there is a gap to be closed by the work which the Department will be undertaking to develop the new strategy, following publication of the Green Paper on the future of education in Jersey.

3.5.4. Conclusions

Our conclusions inevitably reflect the fact that the process of re-organising or re-structuring primary and secondary provision is in its early stages. To make an assessment of future financial potential will require a clear definition of the future shape of the service.

Our assessment, based on using PTR ratios as an broad indicator of efficiency across the service has suggested potential future savings of:

- £1.3 million per annum, if performance reached average performance for the secondary sector;
- £2.4 million per annum, if performance reached average performance for the primary sector.

In terms of staff, this level of saving equates to 25 people in the secondary sector and 55 people in the primary sector. If this was not matched by a change in productivity, there would also be an increase in group sizes and some restriction of curriculum choice and, in the case of the primary sector, this would involve the closure of 4 schools.

The Department’s estimates (based on the current configuration of the service and funding model) are more prudent and are calculated as;

- £0.7 million per annum, if performance reached average performance for the secondary sector;
- £0.7 million per annum, if performance reached average performance for the primary sector.

The differences in the numbers outlined above arise, not because ESC’s figures are incorrect, but because the Tribal calculations make more far reaching assumptions about the actions (which would include closures and re-distribution of pupils) that would need to taken in order to deliver them.

Of the figures quoted above:

- the Department has already included approximately £1.5 million in the CSR;
- we have identified specific savings (above) of between £1.1 million and £1.3 million, which should be viewed as representing part of the wider/larger savings opportunities.

In conclusion, and assuming that a reasonable target for performance is the English average, then our review is suggesting a potential saving of £3.7 million per annum. Of this amount, £1.5 million has already been included in the CSR, leaving a further potential of £2.2 million. To put this into context, this represents an annual improvement of 1% of the current budget for primary and secondary education, over the next 5 years.

In discussions with the Department, it has been pointed out that, based on the current configuration of the service, this level of saving can only be delivered at the expense of service provision. We would not disagree with this, but our proposition is that:

- the existing configuration of the service will be a major part of the service review;
- part of that review will need to look at a range of staff productivity and performance issues.

3.6. Structure and organisation of secondary and post 16 provision

Financial opportunity	Structure and organisation of secondary and post 16 provision
<p>Description</p>	<p>Pupil teacher ratios within the secondary sector are relatively low compared to those on average in England due to inefficiencies in the structure of provision post 14:</p> <ul style="list-style-type: none"> ▪ the annual transfer of some 200 pupils to Hautlieu limits the potential efficiency and effectiveness of the four 11-16 schools; ▪ sixth forms of less than 160 pupils are considered to be unviable financially – Jersey’s sixth forms fall into this category. <p>A review and reorganisation of post 14 provision in Jersey is overdue. This would involve the restructuring of Key Stage 4 education and improving collaboration between existing post 16 provision in the public sector.</p>
<p>Does this impact a mandatory service?</p>	<p>Yes.</p>
<p>Potential Benefits</p>	<p>Financial</p> <p>Preliminary modelling indicates a potential saving, largely due to increasing PTR’s, of £750k per annum from re-organisation.</p> <p>Of this amount, £500k has already been assumed to be part of the £1 million already included in the CSR for increased collaboration between Hautlieu and Highlands.</p> <p>This therefore leaves a further potential of £250k per annum.</p> <p>There will, however, be a need for new investment in this area.</p> <p>Other/Educational</p> <p>Improved educational outcomes and greater capacity to meet the academic needs of 14+ students.</p>
<p>Associated Costs</p>	<p>As yet unidentified, but some external support is likely to be required for undertaking such a fundamental review of provision.</p> <p>With 10% turnover and a long term timescale for change, much of the reduction can be anticipated through voluntary severance and retirement. However, it is realistic to anticipate the prospect of some compulsory redundancy.</p>

Financial opportunity	Structure and organisation of secondary and post 16 provision
<p>Is the opportunity viable?</p>	<ul style="list-style-type: none"> ▪ Technical Feasibility G ▪ Financial achievability A
<p>How have the savings been estimated</p>	<p>Costing has been undertaken using existing school budget models, using reasonable assumptions. Details of the costs of implementation cannot be estimated at this stage as it will require a detailed post by post assessment of implications.</p>
<p>Timescales</p>	<p>>2 years <5 years</p> <p>For such a review, a timescale of 3-4 years at a minimum will be required, in line with experience of similar reorganisations in England.</p>
<p>What is the impact on service?</p>	<p>Medium</p> <p>It is the aim of ESC to bring forward both reductions in cost and improvements in educational effectiveness for political consideration.</p>

3.7. Secondary education PTR's and productivity

Financial opportunity	Secondary Education PTR's and productivity
Description	<p>Opportunities to achieve savings through increasing PTRs by collaboration and increasing staff productivity.</p> <p>The previous item (reorganisation of the secondary provision) has already identified substantial savings in provision for 14+ students. As Jersey is starting from a relatively low PTR, we believe that there are further opportunities to secure productivity savings over and above those already identified.</p>
Does this impact a mandatory service?	Yes.
Potential Benefits	<p>Preliminary estimates are that savings of £300k per annum should be achievable, over and above those included in the CSR, and those included in the previous item regarding the re-organisation of secondary provision. This assumes the loss 5 of teaching staff.</p>
Associated Costs	None, if the staff reductions to be achieved through natural wastage.
Is the opportunity viable?	<ul style="list-style-type: none"> ▪ Technical Feasibility G ▪ Financial achievability A
How have the savings been estimated	These savings reflect opportunities to achieve savings through shifting PTRs closer to those for the median in England.
Timescales	<p>>2 years<5</p> <p>Most will be achievable in period from 2013 to 2015).</p>
What is the impact on service?	Medium.

3.8. Efficiency savings in the primary sector

Financial opportunity	Efficiency savings in the primary sector
Description	<p>Opportunities to achieve savings in management and support costs through increasing PTRs and establishing federation arrangements within clusters.</p> <p>A full review and reorganisation of primary schools cannot be justified at this time. What the ESC management team could do is to drive efficiency improvement:</p> <ul style="list-style-type: none"> ▪ substantially reducing the fixed element of the budget formula; ▪ strengthening the financial autonomy of school head teachers; ▪ continuing to relax policies that constrain the flexibility of schools to respond to fluctuations in pupil numbers such as class size and mixed age group teaching; ▪ where turnover of staff provides an opportunity to rationalise management through federation, this should be pursued; ▪ in practice, this would likely be delivered through the reduction in the number of teaching assistants allocated to schools in years 1 to 6.
Does this impact a mandatory service?	Yes.
Potential Benefits	Preliminary estimates indicate a savings potential of between £300k and £500k per annum, secured over a five year period.
Associated Costs	Staff reductions to be achieved through natural wastage.
Is the opportunity viable?	<ul style="list-style-type: none"> ▪ Technical Feasibility G ▪ Financial achievability A
How have the savings been estimated	Preliminary estimates are for £150k - £250k per annum from federation and a further £150k - £250k per annum from an increase in PTR's. A detailed assessment of the potential for securing savings incrementally needs to be undertaken on a school and cluster by cluster basis and continuously monitored as part of ESC reviews.
Timescales	<p>>2 years<5</p> <p>Most of this is achievable in the period between 2013 and</p>

Financial opportunity	Efficiency savings in the primary sector
	2015.
What is the impact on service?	Medium.

3.9. Pay and conditions (specific issues)

Financial opportunity	Pay and conditions (specific issues)
Description	<p>Staffing cost represents over 92% of school costs, much higher than the 80% in England. The difference is due to high unit staff costs in Jersey, and what is and is not included in schools' budgets.</p> <p>Whilst employee terms and conditions are the subject of a cross cutting review, there are service specific opportunities that could be achieved in relation to school staff including:</p> <ul style="list-style-type: none"> ▪ strengthen leadership structures and responsibilities; ▪ workforce remodelling; ▪ tighten the operation of performance management processes in relation to progression up the pay scale; ▪ review the number, distribution and nature of supplementary allowances and link more closely to learning outcomes.
Does this impact a mandatory service?	Yes.
Potential Benefits	<p>Financial</p> <p>More effective control of staff costs and containing staff costs within budget could save £200k over three years.</p> <p>Other/Educational</p> <p>Strengthening the link between pay, performance and outcome should result in better accountability and more effective service delivery.</p>
Associated Costs	This should largely be achieved through existing management processes.
Is the opportunity viable?	<ul style="list-style-type: none"> ▪ Technical Feasibility G ▪ Financial achievability A
How have the savings been estimated	Savings are very much a preliminary estimate developed within a CSR workshop. There have been suggestions that this figure could be higher, but the estimate of £200k remains a prudent estimate.
Timescales	>2 to <5 years.
What is the impact on service?	Medium.

4. Commentary on the service reviews

4.1. Terms of Reference

Our terms of reference are included the following Description and requirement:

“A comprehensive spending review is now underway, part of which involves a number of major service reviews in the Department for Education, Sport and Culture (ESC). These reviews have already been commissioned by ESC and a number are already underway. Some of these reviews are being undertaken in-house, others by specialist consultants. They include reviews of:

- *Funding of primary and secondary education*
- *Secondary education – a review of options for the Island’s secondary education system*
- *Vocational provision for 14-19 year olds*
- *Highlands College – a review of Fees Policy*
- *Review of current arrangements for the financial support of students following programmes of higher education*
- *Data and Information Management*
- *Review of impact of demographic trends*
- *Social inclusion*
- *Review of Jersey Library Service*
- *Review of management structure across the ESC service*
- *Review of Cultural Strategy*
- *ESC Property Portfolio Review.*

We are now seeking an independent overview of ESC’s review programme to provide programme assurance on whether:

- *each review has been undertaken in a rigorous manner*
- *all opportunities for improving efficiency and deliver savings have been explored*
- *there are other opportunities for savings that have not been identified”.*

We have addressed the second and third points above regarding identifying all opportunities in other sections of this document.

This section responds to the requirement to look at the rigour of each review.

4.2. The approach taken by the Department

Our initial desk review of the documents which were available established that, with a number of exceptions, these were service reviews in a format which we would have expected. Given the context of the CSR, our expectation was that these reviews would deliver quantified recommendations and evidence based savings opportunities, which we would then assess as part of our peer review.

From our reading of proceedings of States Public Accounts and Scrutiny¹ Committees we had at first understood that these service reviews collectively represented the work undertaken by ESC officers to meet the requirements of the CSR.

Early in our discussion with ESC Officers, it became apparent that they had prepared a set of phased CSR savings proposals which broadly achieved the required financial target. These are dealt with in Section 2.

ESC officers prepared these CSR proposals using a range of sources including:

- the service reviews;
- specifically commissioned background research;
- working group meetings with primary and secondary head teachers;
- joint and individual work of members of the ESC Senior Management Team.

The service reviews therefore represent one of the inputs to the process of developing CSR proposals rather than the entire ESC response.

It is also important to note that most of the reviews pre-dated the start of the CSR programme. They were therefore never designed to meet the financial requirements of the CSR.

The purpose of the ESC service reviews varied:

- for the most part the reviews were explicitly to support the ESC planning for service improvement;
- others were initiated to inform ESC management on a range of professional and technical issues;
- only a few had objectives that could be clearly related to the financial planning associated with the CSR process.

¹ Public Accounts Committee: States Spending Review; presented 23 April 2010 Draft Annual Business Plan 2011 (P.99/2010): Comments; presented 23 July 2010 and Proceedings of the Education and Home Affairs Scrutiny Panel Meeting with Education, Sport and Culture; 28 June 2010

4.3. Our Approach to Reviewing the Reports

Nevertheless, we appraised the reports as required by our terms of reference as they represent the underpinning for some of the key CSR proposals. However, the rigorous analysis of the work of ESC in responding to the requirement of the CSR has focused on the proposals themselves (see Sections 2 and 3).

What we have sought to do is to assess the relevance and quality of the reports as support for CSR proposals.

As most of these reviews were not commissioned as formal service reviews with explicit savings targets, this means that the extent to which they measure up to the criteria described in our terms of reference is variable. They are not, of themselves, the drivers behind the CSR savings proposals.

4.4. Overview of Findings

Where relevant to a CSR proposal, we found that the reports mostly provided useful and well researched information on specific issues.

Some of the reviews were still underway and a few had yet to commence.

They have provided the foundation for the proposals that provide the larger CSR savings proposals, namely:

- reductions in grants to fee paying schools: £4,494k
- delivery of a more efficient model of secondary education: £1,000k
- exploration of different models of collaboration within the tertiary education sector: £1,000k.

With a few exceptions, which are highlighted in our summary that follows, the work undertaken has been rigorous and insightful, and consistent with the set terms of reference.

The work has provided a sound and rich foundation for the proposals to be included in the forthcoming Green Paper on the future of education.

As highlighted previously, the reviews were not intended to support the CSR process. In terms of our assessment against the CSR criteria, a number of the reviews therefore do not score well. We have, nonetheless, made our assessment against what we consider to be the key measures for the purpose of the CSR.

As well as the service reviews described above, other work commissioned by ESC management has informed the development of proposals for meeting CSR targets. In particular, the findings and conclusions included a July 2009 report on the implications of reducing payments to fee paying schools provided the basis for the proposals to reduce grants to fee paying schools. These proposals provide the largest CSR savings so far identified.

4.5. Our assessment of the service reviews

Set out below is our assessment of the individual reports, or papers / documents that make up the project.

We measured each report, on a Red, Amber, Green basis against a set of 10 key criteria, in order to provide an indication of robustness.

Where a review had not commenced, or where it had only just started, we have marked it as Blue and excluded the subject from our review.

	Project Status	The extent to which the review identified and focused on CSR financial objectives	The extent to which there are savings opportunities identified in the report	Is there a clear assessment of risk and target savings	Has the review informed management strategy and planning	Has the scope of the project been clearly defined and clear objectives set?	Has the project complied with the terms of reference?	How robust is the evidential analysis in the report?	Does the scope/work to date address the issues we would expect for the subject matter?	Is there a clearly identified implementation programme and timescale/responsibilities?
(1) Funding of Primary and Secondary Education	A	R	A	R	A	A	A	G	A	R
(2) Review of Options for the Island's Secondary Education	A	R	A	R	A	A	A	G	A	R
(3) Vocational Provision for 14-19 year olds	A	R	A	R	A	A	A	G	A	R
(4) Review of Fees Policy at Highlands College	G	R	R	R	A	A	G	G	G	A
(5) Review financial support of students - higher education	G	A	A	A	G	G	G	G	G	A
(6) Review of Data information management	A	R	R	R	R	A	A	A	R	R

t										
(7) Review of the Impact of Demographic Trends	G	G	G	A	G	G	G	G	G	A
(8) Review of Social Inclusion	G	R	G	R	G	G	G	A	G	A
(9) Review of the Library Service										
(10) Review of the Management Structure across ESC Services	G	R	R	R	A	R	R	R	R	R
(11) Review of the Cultural Strategy	G	R	R	A	A	G	G	A	A	A
(12) Review of the ESC Property Portfolio										

Notes to the above analysis:

- **Funding of Primary and Secondary Education.** This work has been undertaken by a consultant, more as a series of academic research projects. These have sought to identify opportunities and implications of change. These have been individually sound and have certainly informed management thinking, but they do not fit with the CSR process.
- **Review of Options for the Island's Secondary Education.** Carried out as part of the previous review. This work has been identified as an opportunity for the future.
- **Vocational Provision for 14-19 year olds.** Carried out as part of the previous review. This work has been identified as an opportunity for the future.
- **Review of Fees Policy at Highlands College.** This review has provided a coherent, logical and transparent basis for fees for Highlands College. It was not intended to provide CSR savings.
- **Review financial support of students - higher education.** The review is expected to be approved shortly by the Minister. It sets out the ESC response to the anticipated budget pressure that Jersey will face due to rising demand and costs in relation to Higher Education. There are no direct CSR savings that result from this work but the measures proposed seek to contain costs in a demand led area. ESC management conclude that approximately £2 million will be required to prevent overall budget failure.
- **Review of Data information management.** This review is still underway. It was not intended to provide savings and therefore has little relevance to the CSR.
- **Review of the Impact of Demographic Trends.** This is part of the secondary funding review but has been substantially completed before the other aspects. A detailed paper on primary and secondary school roll projections has informed the CSR process, savings identified in the secondary phase, and ESC strategic planning
- **Review of Social Inclusion.** This report covers in depth social inclusion in Jersey schools. On the quality of provision and the effectiveness of Jersey's approach to inclusion, it provides insightful conclusions and clear and well supported recommendations. However, it is weaker in reviewing financial implications. A comparative analysis included is naive and does not provide a sound basis for the conclusions to the report. There are recommendations for changes in the methodology for funding that should have been considered in the context of financial constraint within which they would need to be implemented.
- **Review of the Library Service.** Review has not yet got underway and terms of reference have not been finalised. This review will be undertaken by the C & AG.
- **Review of the Management Structure across ESC Services.** This was a poor review. It lacked clear terms of reference, and the evidential analysis was weak. Conclusions and recommendations are not clear nor firmly based on the evidential analysis. The report is also undermined by typographical errors.
- **Review of the Cultural Strategy.** This was a review of the 2005 Cultural Strategy. It was not intended to identify savings for the CSR.
- **Review of the ESC Property Portfolio.** The review has yet to get underway. However, the terms of reference are not clear and do not appear to relate well to the CSR.

5. CSR questions raised

During the course of our review, we were asked to follow up a number of questions by John Richardson and Stephen Regal.

These were subsequently responded to by Officers from ESC. For completeness, we summarise below those questions and the answers which were provided by ESC. We have not commented on the responses, as to do so would have required detailed investigation of a number of the issues.

Table 5.1: Questions raised by John Richardson

Questions raised by John Richardson	
<p>1. How are procurement costs managed in the first place? Are stock levels of procured items monitored in respect of keeping these to a reasonable minimum? Is leakage monitored?</p>	<p>Costs are primarily managed because Delegated Financial Management encourages teachers and Head teachers to maximise the value they get for their spend in order to provide a Value for Money service to their students. If schools are able to save money on procurement this enables them to maximise the use of their limited financial resources. The Department has established a Procurement Board, supported by the Director of Corporate Procurement, which aims to ensure best practice throughout the Department and the use of corporate contracts, as well as adherence to financial directions. It is not effective to run stock systems due to the required storage space and necessary administration.</p>
<p>2. Does ESC dictate or have any input into Terms and Conditions of staff employment (teaching, management or support)? If so, how are these regulated in terms of cost (salary scales) and redundancy terms etc.?</p>	<p>ESC has input into the professional aspects of the terms and conditions of staff, who are employed by the States Employment Board in common with all other pay groups. Teachers have their own Terms and Condition of Employment. Most other groups in employment within ESC follow standard States of Jersey Terms and Conditions. Regulation of the pay scales is in accordance with the usual SEB policies and is subject to their approval. Highlands College sets casual staff rates for Adult Education classes etc. – these</p>

Questions raised by John Richardson	
	courses are self funding and do not cost the States of Jersey.
3. Assuming that teacher ratios are correct, has the management structure of ESC been assessed for efficiency, i.e. are they running with any fat?	A recent management review of ESC has been completed. This review found the management structure of ESC to be efficient and did not identify any areas for savings
4. Referring to item 3 above, do they have teaching staff who have been "moved sideways" as they are not performing and are we incepting disciplinary procedures in respect of non-performing staff and realistically proceeding with any such procedures?	The teachers' performance and appraisal scheme and performance management within school seeks to identify and improve performance of under-performing staff. ESC has a strong track record of dealing with poor performance.
5. Is there any room for savings, particularly in the area of support services where these are potentially duplicated by other departments or where outsourcing may be appropriate?	Support services relating to Finance, HR and IT have been centralised over time. As part of the Finance Change Programme being lead by the Treasury, the potential for further centralisation of certain aspects of financial processing is currently being reviewed. The Department believes there is little room for further savings within ESC.
6. Closure of one establishment has been potentially identified. Are there others (Parish Schools for example) or other establishments managed or run by ESC?	Based on the demographic information available, there is no potential to close a mainstream school within the next few years. Another provision is currently being looked at, however.
7. Are they running /maintaining any establishments for which the original use is now passed and they are being retained with no current purpose?	No.

Table 5.2: Questions raised by Stephen Regal

Questions raised by Stephen Regal	
<p>1. Since ESC are providing funds, presumably as a “subsidy” to non-provided schools, how is the quantum of the provision assessed? Is the assessment upon request by individual establishment or is it assessed on a per pupil basis?</p>	<p>The quantum of the provision is based on the written policy of the ESC Department, which is based on regulations dating back to 1978. The policy is that Secondary pupils are funded at 50% of the rate in the non-fee paying sector, and Primary at 25% of the rate. Budgets are calculated in the same way as they would be in the non-fee paying sector and the factors are applied accordingly. The funding is calculated on the basis of the formula outlined above on a per-pupil basis.</p>
<p>2. How is the financial performance of each establishment assessed? What criteria are used? Thus how does the non-provided school income match the States Subsidy?</p>	<p>The accounts of each non-provided school are sent to the Department annually. As the funding is not based on request, but the policy as stated, the income and expenditure for each of the non-provided schools is set by the respective Board of Governors or Trustees.</p>
<p>3. In Provided Schools, the gross revenue expenditure for 2011 is predicted at £14.68 million, income approx. £9 million. Thus “subsidy” is approx. £5.68 million. How much is this per pupil thus following this comparison of “subsidy” from Provided to non-provided schools should be assessed</p>	<p>The £14.68m figure quoted includes an amount for overheads (i.e. part of the £8m or so shown on the pie charts) and therefore is not the direct cost of the schools. The “subsidy” is approx £4.8m - £5m. The funding per pupil is the same for the provided and non-provided fee-paying sectors. However, the total “subsidy” for the fee-paying provided schools (VC, JCG & the preps) has been reduced by £80,000 per annum cumulative to reflect a “property occupancy charge”.</p>

Questions raised by Stephen Regal

<p>4. I note that special needs Schools cost approximately £8.15 million per annum with an extremely limited income. Is any assessment made of potential income sources in this area? For instance are parents means tested.</p>	<p>Special Schools cost approx £4m – the balance is central Special Needs provisions and support which is provided in mainstream schools. The provision of education within the Special Schools is a statutory responsibility and therefore means testing would not be appropriate. There is a very limited form of income from provision of hot lunches at Mont-a-l'Abbe (MAL) school. Transport and schooling are provided free of charge as required under the Education Law. Apart from MAL, very little transport is provided for children in "Resource Provisions" in schools unless the parents are unable to transport. This is only provided if the resource provision is not in the catchment area of the child.</p>
<p>5. There is a significant increase in the costs of additional vocational and tertiary training from 2010 – 2011 from £8.87 million to £11.38 million. What lies behind this increase and I note that income in this sector is £2.5 million, thus a shortfall of around £8.3 million. Have methods of additional funding been explored?</p>	<p>There is a decrease of approx £50,000 in the net costs of vocational and tertiary education from 2010 to 2011. It is possible that a comparison has been made with gross costs. A review of the fees policy at the College is almost complete. However, it is unlikely that this will produce significant additional income. It is possible that much of the additional income, should it be significant, might have to be provided to employers via EDD grants. The College's activities are reviewed on an ongoing basis to determine whether there are opportunities for additional funding.</p>
<p>6. Higher Education has a costing of around 8.7 million anticipated for 2011 with no income. Has any exploration of the methods of gaining income in this sector been considered?</p>	<p>The budget is primarily allocated to grants to students and payments to Universities, all of which is means-tested based on parental and student income. Income is therefore not possible.</p>
<p>7. The Heritage Grant is around £2.5 million. Is there any assessment (preferably independent) made of the income and expenditure in this area?</p>	<p>An in-depth review of the Jersey Heritage Trust was undertaken and reported to the Minister within the last 6 months. This included detailed analysis of the opportunities for generating additional income and sponsorship as well as expenditure</p>

Questions raised by Stephen Regal

including capital replacement, display refurbishment, operation of facilities and opening times etc.

8. When assessing the “weighting” of costs in benchmarking of student education costs between Jersey and selected UK areas, how is the weighting calculated, is it scientifically calculated and on what basis are the weighting percentages assessed, cumulatively or individually? Thus are the 10%, 28% and 20% uplifts cumulative and the 4% reduction deducted, what is the overall cost comparison basis in percentage terms?

The Department used the same uplifts as used by one of ESC’s consultants who undertook the inclusion review this year. ESC provided the salary scales, school funding methodology and pupil numbers for Jersey and the consultant compared these with ESC’s benchmark authorities in the UK. The adjustments are applied to the base figures cumulatively.

9. I understand that the 20% and the 20% are assessed upon 94% of the costs and 6% respectively.

28% on 94% and 20% on 6%