

STATES OF JERSEY



DRAFT MEDIUM TERM FINANCIAL PLAN ADDITION FOR 2017 – 2019 (P.68/2016) – COMMENTS

**Presented to the States on 27th September 2016
by the Education and Home Affairs Scrutiny Panel**

STATES GREFFE

COMMENTS

The Education and Home Affairs Scrutiny Panel has reviewed the areas of the MTFP Addition that fall within its remit and wish to make the following comments. These comments are based on evidence gathered during the review from hearings, interviews and written submissions.

Summary

The Panel recognises that these comments may lead to discussion over the interpretation of terms such as, 'growth', 'investment' and 'improvement'. Whilst these terms are referred to throughout the below comments, the underlying finding of the Panel is that there is not sufficient money spent on education in Jersey. The Panel accepts that schools will be bigger, there is more cash in the overall budget in 2019 than there was in 2016; however, the whole package is not big enough to provide the level of service that is thought to meet standards of best practice in education.

The Panel has recognised that any amendments that the Panel might have brought to the MTFP would be no more than, 'tinkering around the edges', and would not deal with the fundamental problem. Education in Jersey needs a larger pot of money to provide the best for our children.

It is quite clear that education is for life, not the life of the MTFP, and therefore there should be genuine, clear investment. The comments within this paper discuss the evidence obtained during the review into the MTFP.

The Panel notes that there is £10.2 million¹ listed within the Education Department's growth section of the MTFP and agrees with the overall principle that investment in the children of Jersey is an investment in the future. Taking that point, it questions whether there is actually investment in Education over the life of this MTFP.

Factoring in the demographic increases during the MTFP period in Jersey, actual growth is £4.9 million. Savings, efficiencies and 'user pays' in 2019 amount to £7.7 million², effectively challenging the argument that Education has been provided with growth. The figures show that, disregarding demographics, there is a deficit in the Education budget of £2.8 million.

The evidence obtained raised concerns for the Panel about the savings, efficiencies and 'user pays' areas of the plan. Most are considered to be strictly financial savings, with little or no evidence of the educational value or the impact on the provision of education to the young in Jersey.

Nursery Education Funding was the subject of a full Scrutiny Review, and S.R.2/2016 deals with the arguments in full. The Panel made a single recommendation to the Minister, to withdraw this proposal completely until there has been consultation, full impact assessments and evidence of connectivity with other financial policies, such as tax thresholds, within the States. The Panel maintains that position and will watch how the Minister proceeds with the implementation.

¹ Figures taken from pages 68 and 69, MTFP Addition 2017 – 2019.

² Page 149, MTFP Addition 2017 – 2019.

Education Conclusion

The following points have become evident in the evidence presented to the Panel –

- Discounting demographics and taking into account the savings, there is no overall investment in education in Jersey.
- The investment that has been provided, is less than needed and late.
- This MTFP does not reflect a cohesive long-term vision being worked towards. The Minister is simply managing what we have with the funds available.

The Panel has heard from numerous sources that the Jersey Education system is entrenched in circular arguments and traditions, making it very difficult to openly discuss and evaluate such major issues as segregation at 14 years old, sixth form education, private schools, and numerous other areas relating to education of the Island's children. Panel discussions point strongly towards a need for an outside independent review, and not necessarily from the U.K.

Home Affairs Conclusion

During the course of 2015/16, the Panel had been invited to numerous briefings relating to work that was being undertaken by the Department. These laid out detailed risk assessments, consultation exercises and impact assessments, which outlined the process relating to how the major savings contained within the MTFP were arrived at.

The Panel is satisfied that the work done by the Minister and her Department, particularly by the Police, shows vision and impact assessments throughout and recognises that the new processes are based on evidence/statistics gathered and examined.

The Advisers

Stuart W. Fair, LLB, CPFA, CPA (Aust.), FCCA, FRSA, JP., a senior consultant for CIPFA Advisory – Consultancy and Training

At the launch of this review, the Panel engaged Mr. Stuart Fair, the same adviser used by the other Scrutiny Panels to assist with examination of the MTFP Addition. Conversations with this adviser revealed that both Education and Home Affairs have competent and capable finance functions. The Panel requested a small amount of information in relation to the demographics, which was kindly provided without charge to the public purse (see **Appendix 1**).

Professor John Howson, Chairman of TeachVac; Oxfordshire County Councillor; Visiting Professor of Education, Oxford Brookes University; Hon. Norham Fellow, University of Oxford Department of Education (engaged through RealGroup U.K.)

Professor Howson has assisted the Panel with the impact of reducing pay for Newly Qualified Teachers (NQTs). His report is attached at **Appendix 2** and clearly demonstrates how the reduction in NQTs might impact on recruitment, which will be compounded by a general shortage of recruits into the teaching profession on a national basis. He makes it clear that this outcome includes a reduction in the percentage of qualified teachers in some subject areas. He also states –

“While it might be possible to reduce the starting salary in some subjects, such as physical education and history, to do so would be to consider teaching as just related to subject knowledge and not to include the wider concept of learning (in both its formal and non-formal aspects) that pupils achieve during their time in schools.”

This evidences for the Panel that there is a link between levels of teacher pay and education standards that should not be ignored.

Comments:

1. EDUCATION

GROWTH

DEMOGRAPHICS

The Minister for Education has a responsibility under the Education (Jersey) Law 1999 to provide education for children of compulsory school age. Article 7 of the Law states –

7 *Duty of Minister to review the provision of school places*

- (1) *This Article applies in relation to schools providing education suitable to the needs of children of compulsory school age and young persons, and any reference in it to a school shall be construed accordingly.*
- (2) *The Minister shall, from year to year –*
 - (a) *review the numbers of school places available, both in provided and non-provided schools; and*
 - (b) *assess the current and future requirements for provision of school places by reference to the ages and numbers of the children of Jersey.*

Whatever the number of children to be educated, the Minister has no choice but to provide facilities for their education.

In this MTFP, the Minister has referred to the provision for the increased demographics expected, as growth. This is based on the decision to build more classrooms rather than increase class sizes. Whilst the Panel accepts that building new classrooms is the correct way forward, the financing of this should be a ‘base budget’ issue. The Panel questions how this can be considered growth when the provision to individual children is not improving. The Minister is simply doing the same for more children.

The position that demographics is not growth has been echoed by the union representatives that have been interviewed by the Panel and, indeed, by the adviser, Stuart Fair of CIPFA, who stated –

“If we strip out acknowledged demographic pressures and revenue consequences of capital projects that have already been in contemplation and agreed – it is arguable that real revenue growth is more muted.”³

³ Information from Stuart W. Fair, LLB, CPFA, CPA (Aust), FCCA, FRSA, JP, Senior Consultant CIPFA Advisory – Consultancy and Training 28/07/2016

The States have accepted the principle that demographics and capital projects are not growth when it accepted the Panel's amendment to P.72/2015, the MTFP in 2015, which increased the Education budget by £263,200 to cover demographics.

The areas that deal with demographics by the Minister for Education within P.68/2016: MTFP Addition 2017 – 2019 are –

- **Primary School Demographics £0.7 million in 2016, £2.4 million by 2019**
- **Secondary School Demographics £1.3 million in 2016, £1.5 million by 2019**
- **Revenue consequences of capital schemes – ICT Skills Strategy £0.8 million in 2016, £0.8 million by 2019**
- **Revenue consequences of capital schemes – New Schools £0.1 million in 2016, £0.5 million by 2019**
- **Nursery Education Fund £0.4 million in 2016, £0.1 million by 2019.**

As a result of evidence received during its review into the Nursery Education Fund, the Panel questions whether the investment of £0.5 million by 2019 will be sufficient to meet extra demand for places in States Nurseries following the introduction of means-testing in the private sector. If that is the case, a reduction in service might be expected.

FURTHER AREAS OF GROWTH

Revenue consequences of capital schemes – ICT Skills Strategy £0.8 million in 2016, £0.8 million by 2019

Revenue consequences of capital schemes – New Schools £0.1 million in 2016, £0.5 million by 2019

The Panel accepts these previously approved investments and notes that approval had already been obtained on the substantive projects. Why should additional consequential revenue investment need to be decided upon separately? Good practice requires that all revenue consequences of capital schemes should be fully identified and incorporated within the primary decision-making process for the substantive project.⁴

In addition, it would seem reasonable to assume that modern buildings would require smaller non-staff budget revenue to run. If a new building is costing more to run, the Panel has seen no evidence to suggest that this should be considered investment; it is a consequence of need.

Raising Achievement Funding £0.8 million in 2016, £2.5 million by 2019

Although there will be new money for the Pupil Premium Scheme, money is also being taken from other sources (means-testing NEF) to fund the project. Whilst evidence seen by the Panel of what the Minister is doing with Pupil Premium thus far is very positive, there is concern about evidence received during the Nursery Education Fund review that this may have a direct detrimental impact on other areas of education, i.e. some nursery children.

⁴ See Appendix 1, information from Stuart W. Fair, LLB, CPFA, CPA (Aust.), FCCA, FRSA, JP, Senior Consultant CIPFA Advisory – Consultancy and Training 28/07/2016

The Panel is concerned that the initial communication to the States by the Minister relating to Pupil Premium did not make it clear that the requested money in 2016 was insufficient to undertake the project. Indeed, Pupil Premium has been mentioned more than a dozen times in the States since February 2015⁵, and there is no mention that further money would be needed. When the Panel asked the Minister about this, no definitive answer was received.⁶

Extended Professional Partnering £0.3 million in 2016, £0.3 million by 2019

The Panel has been told by the Minister that United Kingdom OFSTED criteria are likely to be used. This has been examined with the union representatives and, whilst in itself is not a concern, there are many aspects of the OFSTED process that would cause concern. A watching brief will be kept. This was confirmed to the Panel by the Chief Education Officer, who said –

“The other thing probably we ought to share with you is we have talked about we are not bringing Ofsted to the Island, and that is true, but we are developing our own evaluation framework to hold schools to account. That is being written as we speak and it will be piloted in September, and that is something as a Scrutiny Committee you might want us to share with you because that does take the Ofsted criteria. What we are not bringing is the Ofsted machinery but some of the criteria against which we can judge schools and their progress we are taking.”⁷

Early Years (SEN) £0.3 million in 2016, £0.3 million by 2019

The Panel recognises the importance of early intervention and considers the Minister’s proposal to invest in this area to be sound.

Higher Education Funding £0.6 million in 2016, £2 million by 2019

The injection of £2 million is recognised as a step in the right direction. The Panel intends to undertake a review into this area later in 2016 and will not therefore pre-empt that work at this time. However, it is recognised that this area of budget has inherent uncertainty over the period of the MTFP 2016 – 2019, as it is dependent on the policies adopted by the UK government and UK universities. The Panel would like to see more robustness of the assumptions behind this.

The evidence examined by the Panel suggests that whilst there is financial growth in education, it is below the £10.2 million being suggested by the Minister.

When the acknowledged demographic pressures and revenue consequences of capital projects that have already been agreed are removed from growth, it can be seen that real revenue growth is more muted.

⁵ Source: Hansard

⁶ Page 18, Hearing with the Minister for Education, 19th May 2016

⁷ Page 59, Hearing with the Minister for Education, 29th February 2016

Table 1: Total of demographics and capital scheme consequences.

| Item in 2016 | By 2019 |
|--|---------------------|
| Primary School Demographics £0.7 million | £2.4 million |
| Secondary School Demographics £1.3 million | £1.5 million |
| Revenue consequences of capital schemes – ICT Skills Strategy £0.8 million | £0.8 million |
| Revenue consequences of capital schemes – New Schools £0.1 million | £0.5 million |
| Nursery Education Fund £0.4 million | £0.1 million |
| Total | £5.3 million |

Table 2: All funding for growth.

| Item in 2016 | By 2019 |
|--|----------------------|
| Total Demographics and Capital Scheme consequences | £5.3 million |
| Raising Achievement Funding £0.8 million | £2.5 million |
| Provision of Data Team £0.1 million | £0.1 million |
| Extended Professional Partnering £0.3 million | £0.3 million |
| Higher Education Funding £0.6 million | £2 million |
| Total | £10.2 million |

Table 3: Growth after Demographics and Capital Scheme Consequences

| | |
|--|---------------------|
| Total Stated for Growth | £10.2 million |
| Total Demographics and Capital Scheme Consequences | £5.3 million |
| Actual growth⁸ | £4.9 million |

The actual revenue growth in Education in Jersey for the period covered by the MTFP 2017 – 2019 is £4.9 million.

EFFICIENCIES, SAVINGS AND USER PAYS

Efficiencies

Efficiency savings programme in library – £100,000 by 2019

The Panel has not heard exactly how efficiencies will be made in the Library, but is assured by the Minister that they are possible.⁹ It is accepted that as data services improve, new options will become available and savings may be made.

Efficiency Savings Programme 2017 – 2019 £204,000 in 2017, £410,000 in 2018, £624,000 in 2019.

There is concern about these efficiencies, which come from budgets used to buy school books, postage, etc. The following has been presented to the Panel during public hearings –

- **Director, Resources and School Support**

“Non-staff related costs make up about 10% of school budgets and this will represent only about 2% of that.”

⁸ All calculations in these tables have been confirmed by the Panel adviser, Stuart W. Fair, LLB, CPFA, CPA (Aust.), FCCA, FRSA, JP, Senior Consultant, CIPFA Advisory

⁹ Transcripts of Public Hearing 16th July 2016, page 46

- **Chief Education Officer**

“It is the very small headroom¹⁰ our head teachers have...”

There was discussion, within the public hearing on 16th July 2016, about just what is needed to bring Jersey schools up to standard in order to bring them in line with England.

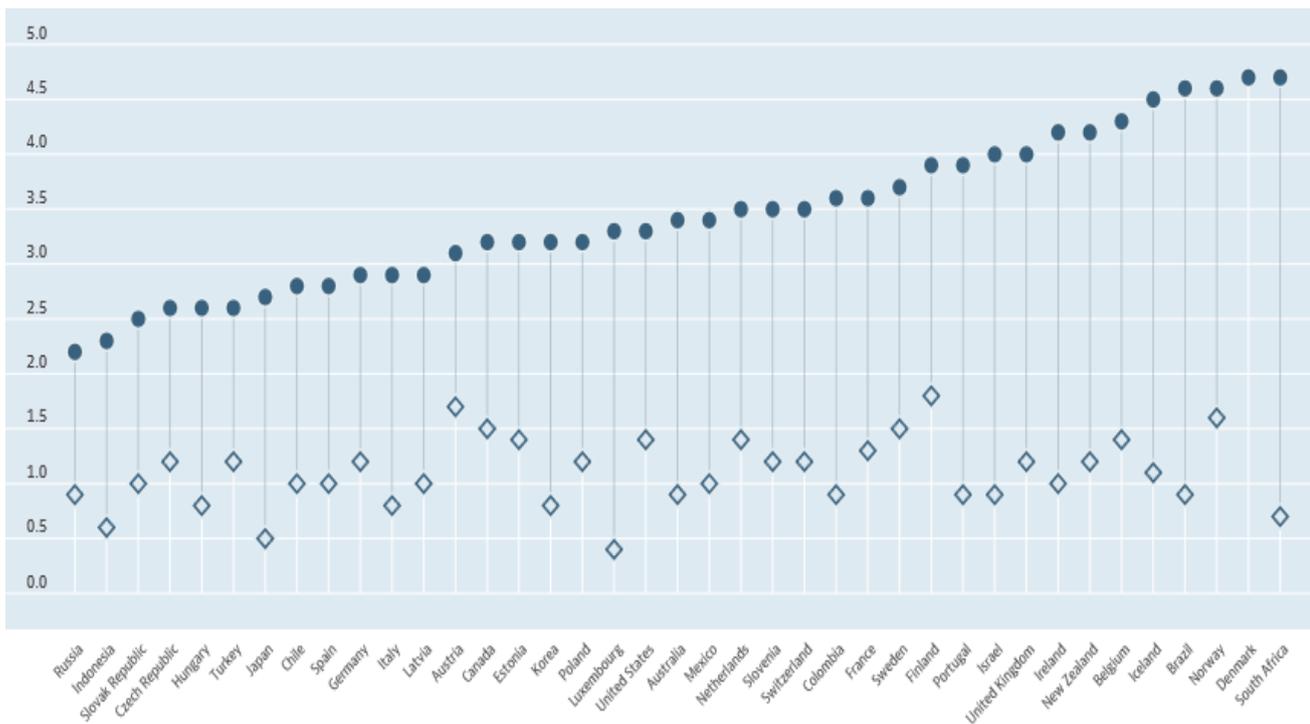
- **Chief Education Officer**

“...I think at a point when the economy begins to move forward and if there is further funding available, I would be arguing to top up school budgets, ... it is more like £400,000 or £500,000, something of that kind. It is a lot of money.¹¹”

The Panel recognises that the Chief Education Officer was talking about “in an ideal world”. However, it spells out very clearly the level of investment needed in order to bring Jersey senior schools in line with England.

Figures from the Organisation for Economic Co-operation and Development (OECD) contained in Figure 1, show that the United Kingdom spends 1.2% on tertiary education as indicated in the below graph by the ‘◇’ and 4% on Non-tertiary education indicated by the ‘●’.

Fig. 1: Public spending on education Primary to non-tertiary/Tertiary, % of GDP 2012, Source: Education at a glance: Educational finance indicators



Jersey spends a total of approximately 2.5% of GDP¹² on tertiary and non-tertiary education. This places Jersey below Russia, the lowest country on the graph, who spends

¹⁰ ‘Headroom’ relates to money within the budget that is not spent on staff

¹¹ Page 14, transcripts of hearing 16th July 2016

¹² Statistics Unit: figures provided for Panel September 2016

2.6% of GDP on tertiary and non-tertiary Education. The Panel notes that at every public hearing and many private meetings, the Chief Education Officer has explained to the Panel that it is unusual that the tertiary education budget is part of the main education budget.

A meeting with one of the Teachers' Union representatives informed the Panel that in one of our senior schools, the teaching of science was provided with just £10 per pupil per year. That is not enough to buy each pupil a textbook. On top of that, there is a need to buy chemicals, etc., meaning that in some schools, students are forced to use one book between two.

Overall, there are no specific details of exactly what these particular savings will look like. The problem recognised by the Panel is that this seems to be a case of 'salami slicing', a crude form of savings which can have significant negative impacts and is therefore unlikely to either achieve the aims of the Minister and will not be sustainable.

Review of Terms and conditions for newly qualified teachers. £240,000 in 2018, £480,000 in 2019

Evidence from the Chief Education Officer at the hearing justified the reduction in starting salary by saying –

“... in the last 4 years newly-qualified teachers arriving in Jersey were being paid £38,000. Although the scale starts at £33,000, because of their qualifications they were starting at £38,000. If they were in London, they would be starting on about £25,000, £25,500, so there is an enormous gap, a big difference between them.”

Evidence from union representatives suggests that it will negatively impact on recruitment, retention and ultimately, the children. The representatives pointed out that the new pay-scale would give NQTs parity with gardeners in terms of pay, leaving them with little chance of paying off large debt incurred whilst obtaining the academic qualifications required of teachers.

The Panel has engaged Professor John Howson to assist with this area. His full report is Appendix 2. He points out numerous risks of reducing NQTs' starting salary, such as –

- Students leaving school in Jersey may decide not to train as a teacher
- Supply of NQTs has not met demand in the UK in recent years
- Significant risk to recruiting teachers from England.

The Professor points out that Jersey teachers are contracted to work more hours than their U.K. counterparts, and concludes that longer working hours and a reduced starting salary carry risks which are compounded by the overall shortage of teachers entering the profession throughout the United Kingdom.

The Panel also notes the amendment to P.68/2016, lodged by Deputy G.P. Southern of St. Helier, and finds the principles to be in parallel with the findings of the Panel.

The Panel notes that the Minister has stated in the States that these savings will be subject of negotiations with the teachers' unions.¹³ During interviews with these union representatives, the Panel has noticed significant resistance to the change, and is

¹³ Answer to question 9543 by Deputy S.Y. Mézec of St. Helier

concerned that the principle of free collective bargaining, upon which much of the employer-employee relationships are based, may become a casualty. Any significant dispute between the teachers and the employer will ultimately impact on the children of Jersey.

In addition, the Unions expressed a concern that there will be a 2-tier system, with no guidance having been received on how parity might be restored between teachers starting before and after the introduction of the lower wage. The point of equity between new and old pay schemes is not clear to the Panel, raising concerns relating to 'Equal Pay For Equal Work'.

The States of Jersey are currently undertaking a Workforce Modernisation programme. The main objectives of the review of policies and terms and conditions are to ensure –

- policies and terms and conditions meet the needs of services
- employees are treated fairly and consistently across the States of Jersey
- all terms and conditions support the principle of equal pay for work of equal value.

The Unions have argued that this particular efficiency is at odds with the 'fairly and consistently' and 'equal pay for equal work' sections of the Workforce Modernisation Programme.

Restructure of Highlands College: £100,000 in 2018, £100,000 in 2019

The changes anticipated have not been made clear to the Panel. Due to the Panel recognising concerns in general about the current Higher Education system, including financing and provision, it intends to undertake a separate piece of work later in 2016. As a result, stakeholders, teachers and students were not spoken to about this at this point in time.

General vacancy management across the department: £240,000 in 2017, £240,000 in 2018 and £285,000 in 2019

This relates to money saved during any unfilled staff vacancy being sent back centrally and not used by the school where the vacancy exists.

Whilst in principle, the Panel accepts the premise for this change, in previous reviews it has been informed that money saved due to vacancies has proved to be a lifeline in some cases where schools have been on a tight budget for many years.

Closer working in Secondary Schools: £208,000 in 2019

This is an abstract theory about co-operation between schools which has not been worked through by the Minister or evidenced to the Panel. In the public hearing, the Panel was told that the Department is in –

“Very early stages of having the conversation with the schools at the moment.”¹⁴

The Panel has no certainty that these savings will be realised.

¹⁴ Page 17, Public Hearing of 16th July 2016

New model for cleaning and gardening services in schools: £432,000 in 2018, £432,000 in 2019; up to 24.6 FTEs

No direct evidence has been provided as to how the Minister will achieve the savings stated. During public hearings with the Minister and interviews held with union representatives, the Panel heard that the work done by Education-employed staff in cleaning was of a standard that was far and above the work by contracted staff. The staff in question were part of the school ‘family’, and their loss would be greater than the sum of cleaners alone. The Panel heard that the Chief Education Officer was trying to find a way of dealing with this issue.

Unions have also expressed concerns which included –

- lack of standards being maintained
- lack of Police checks
- outsourcing to unauthorised workers (family members standing in for staff)
- lower standards of work
- responsibility for overall standards.

In view of the concerns of the Chief Executive Officer, the Panel is concerned as to whether there is a ‘Plan B’. Where will the money come from if this initiative fails despite the best intentions? What exactly are the risks if this is not done?

Reduction in minor works budget: £41,000 in 2018, £41,000 in 2019

The Department stated this would be done by not doing some of the smaller improvements that schools ask for (sun-shades for example). However, nothing was evidenced and there is no firm plan of what impact this will actually have. The Panel is concerned that such minor works may relate to health and safety issues or other areas where the work not being done could adversely impact on children.

A recent media article¹⁵ describes how a teacher is raising funds to repair or replace outside equipment in a primary school playground. The Panel has confirmed that the information from this media article with the Head-teacher, and believes this may be indicative of minor works budgets providing some repair work, but that the budgets do not stretch far enough. This means that funds need to be established by other means, such as the School Parent Group, or in the case in question both the Parent Group and a very active teacher.

Despite the assurances of the Minister at the briefings provided to the Panel, this has created doubt that minor works in schools are at a standard that ensures sufficient maintenance of existing equipment now. It raises a very late red flag for the Panel against this particular efficiency where further cuts are intended. School parent groups have historically assisted with fund-raising for such matters. There is concern that the Minister is placing greater pressure on these voluntary groups to meet the funding difference.

¹⁵ Bailiwick Express, dated Monday 19 September 2016

Savings

Reduction in grants for Jersey Childcare Trust: £45,000 in 2018, £45,000 in 2019

The Panel recognises the good work that JCCT undertakes with the needy and vulnerable children of the Island. The Minister was unable to provide the Panel with an impact assessment of any reduction of the grant to JCCT. A submission from JCCT suggests there will be a need to re-negotiate the SLA with the Department, to stop or amend some of the services or activities and divert work and energy towards income generation through cost recovery initiatives or similar. The Panel has seen no evidence of background investigation into the impact the cuts will have on children, and this causes concern for the Panel.

‘User Pays’

Minor adjustments for subsidies for States fee-paying schools: £150,000 in 2018 and £304,000 in 2019

Minor adjustments for subsidies for private fee-paying schools: £150,000 in 2018 and £304,000 in 2019

[P.72/2011](#) – ‘Grant aided Schools: grants’, was a proposition lodged by the then Senator B.E. Shenton that dealt with grants to private schools. This was adopted by the States, which effectively maintained the grants at then current levels until publication of a Green Paper and a White Paper.

Following that States decision, the Minister for Education has not altered the funding structure for the private schools, and therefore no Green or White Paper was produced on this matter. However, a consultation was held in 2011, resulting in a document entitled ‘Learning for Tomorrow: the future of Education in Jersey’, and a summary of the responses received by the Department was published in 2013.

Two private schools have responded to the Panel’s invitation to make a submission. The evidence suggests that these reductions in subsidies will impact on the business plans of the schools, impacting on infrastructure plans and flexibility for cases of hardship. Both schools who responded will do their utmost to prevent a reduction in provision to the children they are educating. Both also state that they run a tight financial ship, and the extra costs can only be met by passing the costs on to the fees paid by parents.

“...their fees will rise more than they otherwise would have done should the proposals to reduce the level of grant funding be passed by Members of the States of Jersey.”¹⁶

“Reduced Subsidies may mean

- Increased fees to parents*
- Loss of pupils into States schools*
- Cuts in areas that impact on the children.”¹⁷*

¹⁶ Submission No. 3 received by the Panel.

¹⁷ Submission No. 4 received by the Panel.

The Panel recognises the circular argument here of increasing fees to parents causing more children to enter the States' schools system which in turn costs the States more. It therefore asks if the figures reflect the reality of the savings envisaged.

The Panel recognises that the Green and White Paper processes are not as rigid in Jersey as in other legislatures, and may be considered rather more as conceptual processes to ensure consultation. However, the time lapse between consultation and implementation of cuts may have allowed the parents of children at these schools to fall into a false sense of security that change is not coming their way. The Panel recalls the fall-out from the last attempt at changes in this area, and is concerned that there may be a similar public backlash.

As no White Paper was published, the Minister should be maintaining grants at current levels.

Reduction in maintenance grants for on-Island degrees: £200,000 in 2018, £200,000 in 2019

The Panel understands the arguments put forward by the Minister that students in Jersey tend to be surrounded by family to offer support and in many cases lodgings, etc. The lack of a proper impact assessment suggests to the Panel that this is based on presumptions rather than on evidence.

Interviews with union representatives revealed no significant concerns with the proposals, so whilst the Panel cannot endorse the cuts, it recognises the current difficult financial times. This neutral position is likely to be reviewed when the Panel embarks on its review into Higher Education for Jersey students.

New operating model for Jersey Music Service: £300,000 in 2019

Evidence presented to the Panel shows that this saving has caused some consternation for the union representatives. Their position was that the service has been decimated already by previous savings, providing a fraction of the service that existed before the cuts of the last few years.

The Department suggested the savings could be found as a result of moving premises. There are no further details of what this service will look like or how it will be delivered following the cuts.

During discussions about this at public hearings, the States' Economic Adviser informed the Panel that this was a regressive measure, making it difficult for the Panel to accept the principle of the cuts. The lack of a formulated plan based on evidenced data makes the Panel concerned that the savings will ever materialise. Another question is whether there is potential for Pupil Premium to be used as an alternative source of funding.

Evidence received during this review causes the Panel to be concerned that the public interest in this area will only be raised once a reduction in service is committed to, and impacting those who receive the service.

Nursery Education Fund: Introduction of means-testing from September 2017 and demographic changes from 2018: £260,00 in 2017, £260,000 in 2018 and £467,000 in 2019

In the spring of 2016, the Minister made public a change in policy to introduce charges for nursery places based on means-testing families who have children in private nurseries. The intention was to make a saving of £250,000 per year. This was subject of a review by the Panel and the report (S.R.2/2016) discussed the issues in detail, so the arguments will not be entered into again here.

The Panels' recommendation to the Minister was –

'The Minister for Education should withdraw this proposal completely until there has been consultation, full impact assessments and evidence of connectivity with other financial policies, such as tax thresholds, within the States.'

The Panel further notes an amendment to P.68/2016 ([P.68/2016 Amd.\(4\)](#)) lodged by Deputy J.A.N. Le Fondré of St. Lawrence, which asks the States to agree that means-testing shall apply to all providers of nursery education, rather than only the private sector proposed by the Minister.

Although the Minister changed the threshold for the means-testing, he still intends to go ahead with the changes without the work suggested by the Panel being undertaken. Therefore the Panel cannot endorse the proposals in either its current format or with the amendment.

INVESTING IN EDUCATION

The Panel has made clear its concerns of the savings based on the evidence it has received. It further considered the numbers that relate to the Education Department.

Table 4: Total efficiencies, savings and user pays

| Efficiencies, Savings and 'User Pays' | By 2019 |
|---|----------------------|
| Efficiency savings programme in Library | £0.1 million |
| Efficiency Savings Programme | £0.62 million |
| Review of terms and conditions for newly-qualified teachers | £0.5 million |
| Restructure of Highlands College | £0.1 million |
| General vacancy management across the Department | £0.28 million |
| Closer working in Secondary Schools | £0.2 million |
| New model for cleaning and gardening services in schools | £0.4 million |
| Reduction in minor works budget | £0.04 million |
| Reduction in grants for Jersey Childcare Trust | £0.04 million |
| Minor adjustments for subsidies for States fee-paying schools | £0.3 million |
| Minor adjustments for subsidies for private fee-paying schools | £0.3 million |
| Reduction in maintenance grants for on-Island degrees | £0.2 million |
| New operating model for Jersey Music Service | £0.3 million |
| Nursery Education Fund: Introduction of means-testing from September 2017 and demographic changes from 2018 | £0.47 million |
| 2016 Savings | £3.8 million |
| Total efficiencies, savings and 'user pays' | £7.69 million |

The efficiencies, savings and ‘user pays’ outlined in the MTFP Addition amount to £7.7 million¹⁸.

Table 5: Actual Growth minus efficiencies, savings and user pays

| | |
|---|----------------------|
| Actual growth (Discounting demographics) | £4.9 million |
| Total efficiencies, savings and user pays | £7.7 million |
| Investment in Education (Discounting demographics) | -£2.8 million |

The Total for demographics and capital scheme consequences has been identified as £5.3 million in our comments. This only allows the Department to stand still. If this figure were included and accepted as “investment in education”, it would support the notion laid out on pages 161 and 162 of the MTFP that shows expected cash limits to increase by £2.5 million¹⁹ by 2019.

The Panel accepts that this is a time of austerity, a time to balance the books. It simply requests that the Minister places a more realistic interpretation on the numbers than he has done. Demographics are base budget changes, not growth, and the Education Department is actually going to be £2.8 million worse off in 2019 than it is now.

The Panel questions whether this is actually ‘investment in Education’, and whether the Minister has fought hard enough to financially protect and move education forward. The Panel accepts that schools will be bigger, there is expected to be more cash in the overall budget in 2019 than there was in 2016; however, the whole package is not big enough to provide the level of service that modern standards require. Does the MTFP Addition 2017 – 2019 really deliver the level of investment in Education committed to in the Strategic Plan?

2. Home Affairs

This area of Ministerial responsibility is included within the Community and Constitutional Affairs Department’s pages of the MTFP.

GROWTH

Revenue consequences of capital schemes – new Police Station and Prison Phase 6: £0.1 million in 2016, £0.3 million by 2019

When the Panel questioned the Minister²⁰ about the need for extra money in a new building, it was explained that this was about re-negotiating contracts for the move into the new building. Although the Panel recognises that this is a necessary process, it is concerned that the finances for this were not built into the capital expenditure allocation from the start.

¹⁸ Rounded figure

¹⁹ All calculations use rounded figures to £0.1 million

²⁰ Page 16 of Transcripts of Hearing with Minister for Home Affairs, 16th July 2016

EFFICIENCIES, SAVINGS AND USER PAYS

The Panel has been briefed regularly throughout the work done by Home Affairs in relation to Efficiencies, Savings and 'User Pays'/Income. Data, impact assessments and staff surveys have been shared with the Panel, allowing the Panel to understand the problems behind the proposals, how the proposals have been arrived at, what their risks and impact are likely to be, and how they will be implemented.

However, the Police Association commented on concerns that the savings impacted directly on manpower, 30 FTEs being lost. The Association has concerns about a shortage of Officers on the streets at various times now, and sees this as a concern for the future. The representatives also aired concerns about how supervision has risen in recent years, with the Force now having 2 Superintendents and 5 Chief Inspectors²¹. The Panel will maintain a watching brief on this area.

Further, and importantly, confidence was gained from the Minister explaining, during a briefing to the Panel, that the full savings required of her had been re-negotiated due to the risks those savings would incur.

The Panel noticed a heavy reliance on new technology, particularly for the changes proposed by the States of Jersey Police ("SoJP") and the States of Jersey Fire and Rescue Service. The Panel enquired about the impact of technology failure, particularly once the saving of 30 FTEs has been made. It found that the technology is already being used by other services and Departments both in Jersey and the U.K.²² Therefore, whilst this would be new technology for SoJP, it is not unproven. In addition, the technology is being delivered in stages to ensure that it delivers the required outcomes, and the risks are therefore being managed and mitigated as SoJP and the Jersey Fire and Rescue Service proceed.

Similarly, the required technology for the planned introduction of mobile technology by SoJP already exists and is in place with some Police Forces in England and Wales. This project has also been started, and currently there are no indicators to suggest the proposed benefits will not be realised.

Statement under Standing Order 37A [Presentation of comment relating to a proposition]

These comments were received by the States Greffe after the deadline set out in Standing Order 37A. The Panel apologises for the late delivery of these comments, which is due to the inherent challenges of scrutinising the MTFP within the available timeframe.

²¹ Information from Police Association, August 2016

²² An example of this is Jersey Trading Standards, who are using the CRM database that is being implemented within the Fire and Rescue Service

Correspondence from Panel adviser, Mr. Stuart Fair

“Demographics

The first two growth items in the MTFP Addition are not essentially growth proposals that can be classified as investment in the education service as they arise from unavoidable demographic pressures.

EDU Primary School Demographics £0.7m in 2016 £2.4m by 2019

Primary school numbers are set to increase due to a high number of births in 2010, 2011 and 2012 (average 1,092 per year compared to 1,006 in 2007-09). Average birth numbers are predicted to be 1,029 per year until 2020. As a result it is predicted that 400 new primary school places, (which equates to an average of 3 additional classes per year) will be required in the non-fee paying primary sector between 2016 and 2020. Additional capacity has been created as part of the primary school building programme in 2014-15.

EDU Secondary School Demographics £1.3m in 2016 £1.5m by 2019

Pupil numbers in secondary schools are predicted to increase from 2017-19 for Year 7-11. In addition, more pupils are staying in education until 18, resulting in additional pressure from 2016. There were 90 more pupils in the system in 2015 than forecast. There is capacity in the four 11-16 schools to meet this increase in demographics, which is a reversal of the decline we saw over the previous MTFP period.

Primary School Demographics ‘Growth’ proposal – £.7m in 2016/2.4m by 2019 and Secondary Demographics £1.3m in 2016/£1.5m by 2019 should be treated as base budget adjustments if, and only if anticipated/forecasted changes of this nature are, in the absence of positive measures to influence such change arising from policy, are unavoidable and proportionate. This requires the anticipated forecasting of the changes to be regarded as being foreseeable/robust and the impact proportionate to overall activity. In terms of proportionality we would be talking about in relation to the overall resource quantum(budget) something that would invoke marginal yet unavoidable change to BASE ACTIVITY if not addressed.

Essentially this adjustment relates to maintaining existing policies and service standards – NOT INVESTMENT. In context this would normally be treated across jurisdictions we have worked in as a base budget adjustment. As a Growth item options for members would include rejection. Were this to be the case unless the States change policy to stop such demographic impacts taking place the service would have to meet such additional costs from existing resources which would constitute a budget cut or service reduction.

New Schools Revenue consequences

On the revenue consequences of capital schemes it is surprising that given that approval had already been obtained on the substantive project that additional consequential revenue investment would need to be decided upon separately. Good practice requires that all revenue consequences of capital schemes should be fully identified and incorporated within the primary decision making process for the substantive project:

EDU Revenue consequences of capital schemes – New Schools £0.1m in 2016 £0.5m by 2019

New premises cost more to run than previous premises due to the additional facilities provided. The new schools at St Martins and Les Quennevais and additional primary classes at six schools will all require increased non-staff revenue budgets to run.

Higher Education Funding

“We are providing almost £11 million of growth funding for education by 2019 – that’s £2 million more than was allocated last year. This extra funding will be used to help more young people access higher education.” We also understand that in relation to AME (Annually Managed Expenditure) that “At a level of £2 million the central AME contingency provides a further 2% cover for this area of expenditure and or alternatively provides some contingency for higher education grants. This is another budget where there could be significant uncertainty over the period of the MTFP 2016-2019 and is dependent on the policies adopted by the UK government and UK universities.”

The growth item is set out as follows:

EDU Higher Education Funding £0.6m in 2017 £2.0m by 2019

Council of Ministers agreed an additional £2 million per year by 2019 following the Distributional Analysis of spending proposals and the Ministerial review of savings and growth. The proposals include using the £2 million to provide more financial support so more students to access University. In particular, the household income threshold for receiving a full student grant will be raised and the maximum amount paid for living expenses through the maintenance grant will increase, helping people on lower incomes. Other higher education initiatives will also be investigated.

We are not sighted on the distributional analysis on this growth item – particularly the movement to the exact point on household income that will trigger full student grant as well as the fundamental assumption on the volumes of qualifying students. Outwith visibility on the detail it feels like a ‘rounded’ ringfenced budget that will be used to augment existing resources. In terms of validating the ‘robustness’ of the value it is recommended that the key underlying assumptions are highlighted.

Overall

The Executive summary of the MTFP Addition highlight proposed investment in Education as:

We will allocate nearly £11 million of growth funding for education by 2019. As well as the Pupil Premium, that includes extra funding for IT education and £2 million to help more families with the cost of higher education. We are continuing to invest in our school infrastructure with more than £55 million for Les Quennevais, Grainville and St Mary’s Schools. We have just built a new primary school for St Martin and six primary schools have been extended or improved to meet the need for places as numbers rise – d’Auvergne, Plat Douet, Springfield, Trinity, Bel Royal and Mont Nicolle.

If we strip out acknowledged demographic pressures and revenue consequences of capital projects that have already been in contemplation and agreed – it is arguable that real revenue growth is more muted. We would have no detailed comments on the remaining growth items.”



Report for the States of Jersey Education Scrutiny Committee

On the possible outcomes of a reduction in starting salaries for teachers.

Report written by Professor John Howson.

Background

The government of the States of Jersey is considering reducing the starting salary for teachers entering the profession by up to 25 per cent. This report considers the possible consequences of such a move.

The author

Professor John Howson is currently Chairman of TeachVac, the free recruitment site for schools, teachers and trainees (www.teachvac.co.uk). He is also a visiting professor at Oxford Brookes University, where he was deputy head of the School of Education for nine years. He is Norham Fellow at the University of Oxford's Department of Education, has been the chief professional advisor on teacher supply to the government at Westminster, a columnist with the *TES* for 14 years, and a director of two businesses in the field of education data.

Factors governing the supply of teachers

The labour market for teachers is a complex affair. It is made up of a number of different elements. The three most obvious are the markets for primary, secondary and special education teachers. Within each sector there are sub-markets related to phase, subject or SEN specialism.

According to a States of Jersey document dated May 2015, there were 705 teachers employed by the government on the main scale. Their replacements and any new posts would be affected by the changes proposed.

www.gov.je/Government/Pages/StatesReports.aspx?ReportID=1411

The documents on the link above show a starting salary for a qualified teacher in Jersey of £30,411 from 1 January 2016. The standard hours of work are given as 1,660 per annum. This is approximately a third more than the standard 1,265 hours of directed time required of a teacher in England although the directed time for a teacher employed by the States of Jersey is lower at 1,405 hours.

The starting salary for a teacher outside of London and its fringe areas in September 2016 is £22,467. Allowing for the extra working time in Jersey this would equate to a starting salary of approaching £30,000 based upon the standard hours of work. There may be other terms and conditions making up the difference between working hours and the directed time hours that may make teaching in Jersey a more or less attractive proposition compared with teaching on the mainland. Based solely upon the difference in directed time between England the States of Jersey, the starting salary would be around £25,000.

However, it would seem that reducing the starting salary without changing the number of hours required of teachers could be a substantial disadvantage in attracting teachers to work in Jersey.

There are two further issues affecting recruitment that need to be taken into account. First, teaching is a graduate career and requires four years of student debt (in a few cases five years where degree courses last four years) of most new entrants. The debt level of new teachers is substantially higher than in the past and one guide has calculated that a teacher starting on a salary of £25,000 would repay more than £38,000 in debt and take 23 years to pay off their loans.

www.thecompleteuniversityguide.co.uk/student-loan-repayment-calculator

A higher starting salary would reduce the repayment time, but does not take into account any break in service, such as for a period of caring responsibilities.

Most other graduate careers require only three years of debt and hence a lower repayment level. These higher debt levels risk making teaching a less attractive career, especially since most trainee teachers also lose the equivalent of one year's income compared with fellow graduates who entered the labour market straight from university after a three-year degree course.

Some evidence of starting salaries in 2014 for graduates in different occupations (excluding London salaries) was contained in chart 5a of the 'School Teachers' Review Body – Twenty-Sixth Report – 2016' (CM 9302, p.13). In the chart, both primary and secondary teachers were identified as being in the lower half of the table with above average starting salaries. This may partly be to compensate for the extra year of preparation required. However, the School Teachers' Review Body (STRB) report commented that 'teachers' starting pay has been consistently lower than the median starting pay for other graduates' (paragraph 2.17).

If teaching does not maintain an attractive starting salary after training, then it may not attract sufficient candidates into the profession. Students leaving school in Jersey may decide not to train as a teacher if the starting salary appears less competitive than other careers where only a three-year degree course is required. In this case, the States of Jersey would be more dependent upon recruiting teachers from England. However, in recent years the supply of new entrants into the profession in England has not met the expected demand modelled by the Department for Education (DfE) through the teacher supply model (TSM), especially in a number of secondary subjects.

The STRB concluded, on the issue of teachers' pay in their 26th report (sent to the DfE in April 2016), as follows:

'However, if current recruitment and retention trends continue, we expect an uplift to the pay framework significantly higher than 1% will be required in the course of this Parliament to ensure an adequate supply of good teachers for schools in England and Wales. Accordingly, we recommend the Department, and our consultees take steps to help schools prepare for such an eventuality.'

On the basis solely of that conclusion, reducing the starting salary might be a significant risk to recruiting teachers from England.

The supply of teachers

According to the DfE's evidence to the STRB in 2016, overall targets for recruitment into training were not met in 2012/13, 2013/14, 2014/15 and 2015/16 (although only in 2014/15 for primary teachers with substantial over-recruitment in 2015/16 to compensate for the shortfall in the previous year). The prognosis for the 2016/17 training cohort is once again due for a shortfall against the secondary overall target, with the risk of a possible shortfall in primary.

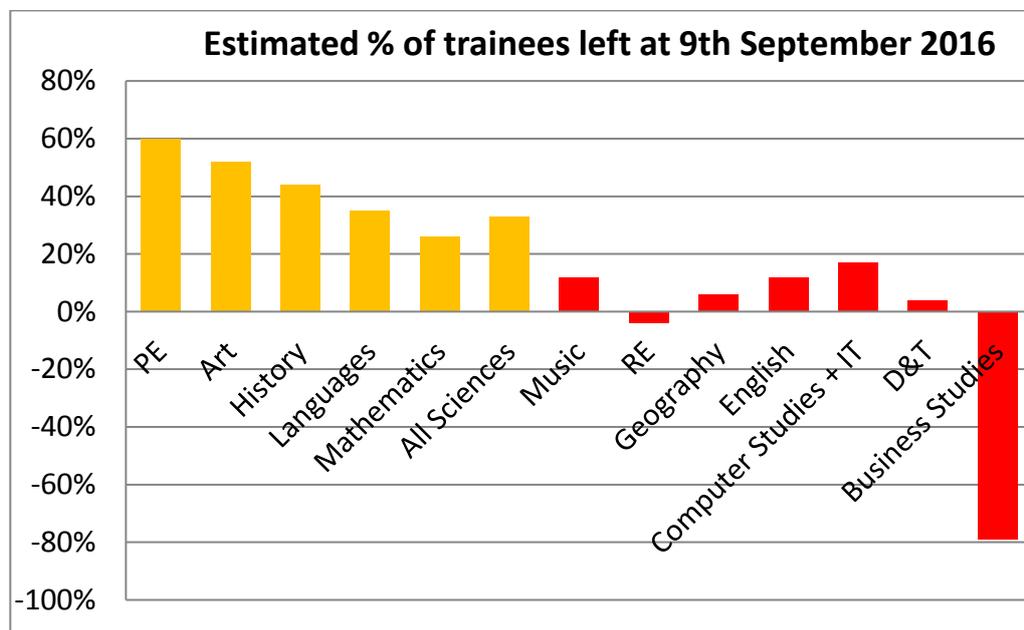
In 2015/16, only history and English as subjects over-recruited against target, with physical education exactly meeting the target specified. At the other end of scale, design and technology only recruited 41 per cent of its target intake and Religious Education 63 per cent of the target. Despite the generous bursaries, physics recruited only 71 per cent of target numbers, although mathematics achieved a much better outcome recruiting some 93 per cent of its target.

As can be inferred from the overall shortfall in recent years, some subjects have now missed their TSM number in each of the last four years, and may expect to do so again for the 2016/17 intake when the census is taken later this term. Insufficient numbers in training only really matter if there are the vacancies for the trainees to fill.

For the past two years, TeachVac has been monitoring on a daily basis the vacancies posted by more than 3,500 secondary schools in England, across both the maintained and private sectors. These vacancies are then matched with the numbers in training as measured by the DfE's annual initial teacher training (ITT) census. At present, the data is only for secondary subjects due to insufficient funding to study the much larger primary sector.

As of 9 September 2016, TeachVac's expectation for the 2016 recruitment round, that includes September 2016 and January 2017 vacancies, is shown in the following chart.

Chart 1 Estimated supply of ITT trainees remaining available for employment – 9 September 2016



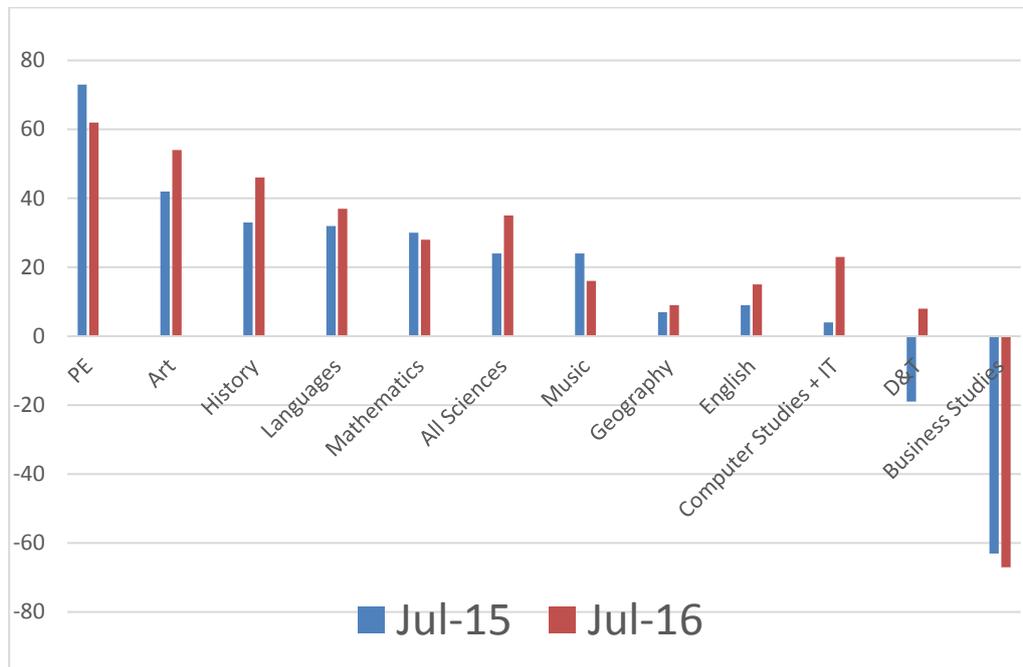
Source: TeachVac www.teachvac.co.uk

The subjects are arranged from left to right in the chart to represent their placing at the end of the 2015 recruitment round. On 9 September, TeachVac recorded more vacancies for teachers of business studies than there were trainees. This is based upon the assumption that trainees will fill one out of every two vacancies for main scale teachers. This percentage is in line with DfE evidence to the STRB and slightly less generous than the figure in the recent DfE survey of the teacher workforce published on 8 September 2016.

Subjects shown in red are those where TeachVac believes the average school anywhere in England schools will be facing recruitment challenges for the remainder of the recruitment round. The subjects shown in yellow are those where schools in some parts of the country might face recruitment challenges. A subject shown in green would not currently pose recruitment issues to schools. As the recruitment round progresses, subjects alter from green to yellow to red as the number of vacancies increases.

Teachvac conducted a comparison between vacancies and the overall pool of new entrants in July 2015 and July 2016. The comparisons are shown in chart 2.

Chart 2 The remaining percentage of the ITT pool remaining in July 2015 and July 2016



In mathematics, music, physical education and business studies, the percentage remaining in the pool in July 2016 was below that in July 2015. In other subjects, the percentage was above that in July 2015, albeit not by very much in geography and English. Nevertheless, the percentage in some subjects was not sufficiently high to ensure sufficient trainees to meet the needs of schools across the whole of the recruitment cycle.

To provide an indication of the pattern of vacancies across the 2015 and 2016 recruitment cycles, and the manner in which this reduces the ITT pool, chart three looks at the supply of teachers of mathematics and the demand for their services as measured by vacancies for main scale teachers.

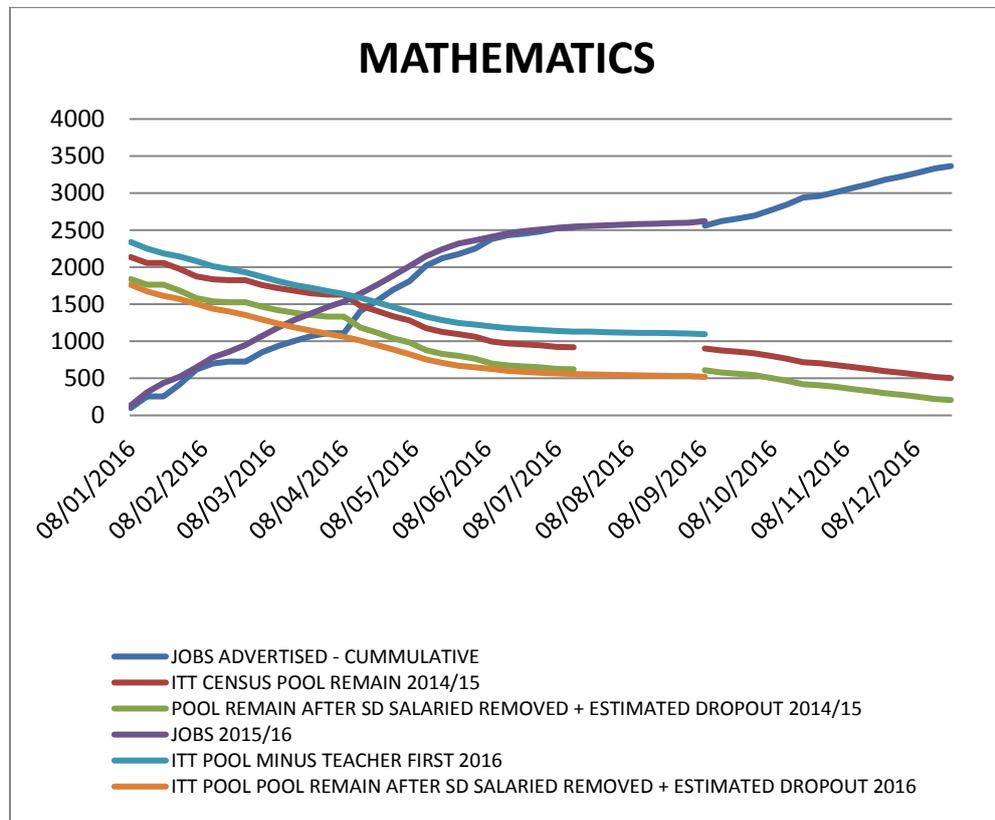
This is a subject where the DfE’s TSM appears to provide good evidence on the required level of demand for teachers of the subject. The ITT trainees are represented by two different lines. The upper line represents the total ITT pool and the lower line removes trainees such as Teach First and School Direct Salaried, where the trainee will be expected to be employed by the school offering the training. An allowance for non-completion of five per cent is also factored into the lower line. It is worth noting that the vacancies include both those from state-funded schools and

also from private schools, since both are considered to employ teachers with qualified teacher status. This is despite opportunities for academies and free schools to employ unqualified people as teachers.

At present, in mid-September 2016, the ‘free pool’ of trainees in mathematics is around 500, slightly below the same position in 2015. If the vacancies for January 2017 that appear during this term are similar to demand for January 2016 the ‘pool’ will end the year with fewer than 100 teachers remaining. Many of these will be location-specific second-career entrants who are only able to apply for vacancies in their current travel-to-work area. There must also be an assumption that the best trainees are recruited first and those still seeking a teaching post and free-to-travel anywhere are not among the most able trainees. Similar graphs are available for all the other subjects profiled in chart 1.

The majority of trainees become available for work in the September after their training courses end in the early summer. The majority of vacancies appear between the end of February and the end of May.

Chart 3 Profile of vacancies and ITT pool depletion 2015 and 2016 – mathematics



Source: TeachVac www.teachvac.co.uk (note the gap in 2015 vacancies is the summer holiday period when no vacancy information was collected in 2015).

The number on the left-hand axis is the number of vacancies recorded across the year.

TeachVac does not track vacancies in secondary schools in Jersey, but their pattern of recruitment is important. If most vacancies occur early in the calendar year, the supply will be at its highest level. Schools recruiting in the autumn will face a much diminished pool of potential applicants from training and the salary may be a more important incentive.

It might be worth investigating both the dates of vacancies advertised by schools in Jersey and, if recorded, the number of applications received.

As noted earlier, the number of new teachers being trained in some subjects has been declining for several years. The effects of this decline can be noted in the changes in the following table (Table 1) that records both the changes in the percentage of teachers with no post-A level qualification and the change in the number of teachers teaching the subject in state-funded secondary schools in England across the sciences and mathematics. These are often regarded as key shortage subjects. Note: that an increase in the percentage of teachers with no relevant post-A level qualifications is not good and is coloured red. However, an increase in the number of teachers in that subject is good and is coloured green.

| SUBJECT | % with No relevant post A level Qualification | | | | Number of teachers: Thousands | | | |
|--------------------------|--|------|------|-------------------|-------------------------------|------|------|-------------------|
| | 2013 | 2014 | 2015 | Diff 2013 to 2015 | 2013 | 2014 | 2015 | Diff 2013 to 2015 |
| Mathematics | 22.4 | 24.2 | 26.3 | 3.9 | 33.3 | 33.4 | 33.7 | 0.4 |
| Physics | 33.5 | 36.5 | 37.5 | 4.0 | 6.2 | 6.4 | 6.3 | 0.1 |
| Chemistry | 23.9 | 24.0 | 27.1 | 3.2 | 7.4 | 7.5 | 7.5 | 0.1 |
| Biology | 13.7 | 13.4 | 11.0 | -2.7 | 8.8 | 8.8 | 8.7 | -0.1 |
| Combined/General science | 8.7 | 9.1 | 9.0 | 0.3 | 32.9 | 32.3 | 32.1 | -0.8 |
| Other Sciences | 14.6 | 16.3 | 14.5 | -0.1 | 2.4 | 2.3 | 2.1 | -0.3 |

Table 1 Source: DfE School workforce census 2014, 2015 and 2106

Both physics and mathematics have seen a decline in the percentage of teachers with a post-A level qualification, although in both subjects the number of teachers has increased. With increasing pupil numbers into the 2020s, the number of teachers should increase further over the next few years in both mathematics and the sciences. It is worth noting that the overall decline in teachers with a post-A level qualification teaching design and technology during the same period, as in the table above, was 4.4 per cent, greater than for either mathematics or physics.

Alternative supply

The supply of teachers consists of three main sources, other than new entrants to the profession; returners to teaching – mostly those teachers returning from a career break; existing teachers seeking to change schools; and overseas teachers and UK trained teachers returning from working in international schools.

The purchasing power of teachers' starting salaries

This report cannot consider the evidence on the relative purchasing power of a teacher's starting salary in Jersey with that of a teacher in England. Obviously, the cost of housing and probably renting for a new entrant to the profession will be a significant factor in judging the value of a starting salary when considered in terms of deductions for taxation and health insurance.

Conclusion

On the assumption that schools in the States of Jersey need, from time to time, to recruit new entrants to the teaching profession in each and every subject and phase of the school system, there is a risk to reducing the starting salary while requiring a larger number of hours of working time than in England. In some secondary subjects, this risk is compounded by a shortage of new entrants to the profession as measured by both the DfE's TSM and TeachVac's analysis of vacancies recorded during 2015 and 2016, which has reduced the supply of teachers to below what was considered necessary. The outcome includes a reduction in the percentage of fully qualified teachers in some subject areas.

While it might be possible to reduce the starting salary in some subjects, such as physical education and history, to do so would be to consider teaching as just related

to subject knowledge and not to include the wider concept of learning (in both its formal and non-formal aspects) that pupils achieve during their time in schools.

Professor John Howson

Oxford, September 2016”