

STATES OF JERSEY

Education and Home Affairs Scrutiny Panel

FRIDAY, 24th JULY 2009

Panel:

Deputy R.G. Le Hérissier of St. Saviour (Chairman)

Deputy T.M. Pitman of St. Helier (Vice Chairman)

Connétable G.F. Butcher of St. John

Deputy M. Tadier of St. Brelade

Witnesses:

Deputy J.G. Reed of St. Ouen (The Minister for Education, Sport and Culture)

Mr. M. Lundy (Director, Education, Sport and Culture)

Mr. D. Greenwood (Assistant Director, Education, Sport and Culture - Culture and Lifelong Learning)

Mr D. de la Haye (Assistant Director, Education, Sports and Culture - Sports and Leisure)

In Attendance:

Ms. S. Power (Scrutiny Officer)

Deputy R.G. Le Hérissier of St. Saviour (Chairman):

I would like to welcome you all to this session: the Minister and the Senior Officers and our 2 friends from the I.O.D. (Institute of Directors) scheme, and our friend from the *J.E.P.* (*Jersey Evening Post*). The purpose of this session is to mostly gather information on your department's submission for the Business Plan and in the light, I am told, of your department's subsequent reaction to the Business Plan. So, we will do that. First of all for the tape we will introduce ourselves. Roy Le Hérissier, Chairman, Deputy of St. Saviour.

Connétable G.F. Butcher of St. John:

Graeme Butcher, Constable of St. John.

Deputy T.M. Pitman of St. Helier:

Deputy Trevor Pitman, St. Helier, Vice-chairman.

Deputy M. Tadier of St. Brelade:

Montfort Tadier, Deputy of St. Brelade.

Ms. S. Power (Scrutiny Officer):

Sam Power, Scrutiny Officer.

Deputy R.G. Le Hérissier:

Okay. Thank you very much. Now we have obviously sent you the questions. Some of them, of course, as I just mentioned ... Oh, my apologies. First of all, we need your introductions.

Mr. D. Greenwood (Assistant Director, Education, Sport and Culture - Culture and Lifelong

Learning):

David Greenwood, Assistant Director of Education.

Mr. D. de la Haye (Assistant Director, Education, Sport and Culture - Sports and Leisure):

Derek de la Haye, Assistant Director, Sports and Leisure).

Mr. M. Lundy (Director, Education, Sport and Culture):

Mario Lundy, Director of Education, Sport and Culture).

Deputy J.G. Reed of St. Ouen (The Minister for Education, Sport and Culture):

Deputy James Reed, Minister for Education, Sport and Culture.

Deputy R.G. Le Hérissier:

Okay. Thank you very much. Well, we have sent you the questions and I am sure you have seen them. As you can see, the first half are the general ones to try and find out how the department is thinking about these matters which, as I said, seem to be a movable feast now; and the second lot, which we are not going to cover at all of course, are all about particular service areas. We are hoping, in a way, as the discussion gets moving on number one, we will maybe identify ... well, we have identified what we think are some crucial service areas, but you clearly will identify some as well, and pressure points and so forth. So, I think we are going to have to sift through part 2. We are only going to be able to zero in on certain areas. So, I do apologise if you have come up with massively detailed answers, but I am sure they will be useful in the fullness of time. So, just to kick off then, I wonder if the Minister and his Chief could tell us what additional expenditure approvals did the department seek in the Business Plan process.

The Deputy of St. Ouen:

We identified 2 areas, 2 particular spending pressures, that needed to be addressed. The first was dealing with higher education and the provision of tuition fees and the support given to parents, and the sums involved were £1 million for 2011, and £3 million for 2012. Basically, we identified this for a number of particular reasons. One was that we recognised that since 2001 basically the threshold levels that support the university grant system have been frozen, and if we were to bring back the value of the university grants to the level for 2001 it would cost us approximately £3 million. Equally, we are well aware that although this year there is likely not to be a reduction in university fees, every indication is that over the next 2 or 3 years, there is pressure from the U.K. (United Kingdom) universities to increase the amount, and clearly it would be wrong if we did not identify this risk within the Business Plan. Secondly, the other area is the development of vocational skills. Now, part of the reason for this is that the last time that the Island faced quite large increases in university fees, a decision was taken by the Council of Ministers of the day to divert £1 million that was identified to support vocational skills to deal with immediate funding issues linked to the increased cost of university fees. However, that money has not been replaced and returned back to its original intended source. Furthermore, whereas the proposals that are linked to the development of skills relating to the economic downturn and a genuine desire to further improve basic skills and local skills on the Island, we identified that there is a need to increase provision in this particular area over time. The sums identified were £350,000 for 2010, £600,000 for 2011, and £1 million for 2012. That we believe could be able to be managed alongside the additional short-term support that is being offered to us through the fiscal stimulus package. So, those are basically the 2 pressures that we identified.

Deputy R.G. Le Hérissier:

Okay. On the vocational side, we are all a bit confused because there are now ... there is the fiscal stimulus package, there are your ongoing programmes and there is the role of Skills Executive. Were you asked at any point to surrender any of your funds in an almost permanent way, for example, to the

Skills Executive?

The Deputy of St. Ouen:

Not at all. In fact, the idea of the Skills Executive and the Skills Board is to co-ordinate and make better use the resources available, which are already provided for training and apprenticeship schemes and development of vocational skills. As such, that is the sole aim. One must remember that the Fiscal Stimulus Fund monies are only there to support the additional requirements brought about by the economic downturn. They are not there to provide ongoing revenue income to the department to maintain vocational skills. It is literally a separate provision for a short-term entirely targeted measure of enabling people that might be unemployed to access and develop their skills so that they can access work when and if it becomes available.

Deputy R.G. Le Hérissier:

By way of example, Mr. Minister, a lot of this money apparently is going to be put into Highlands to expand it. I mean, will it go, for example, to portacabins or will it go to a genuine attempt to ...?

The Deputy of St. Ouen:

Well, hang on.. Let us get one thing straight. We are not aiming to expand Highlands. We are just aiming to use the funds to deal appropriately with the additional students that we acknowledge will be arriving at Highlands' door in September. We are fortunate enough to have the Turner Building that is being refurbished. We have equally got facilities that can be utilised at the old d'Hautree School. We have even looked at, I think I mentioned before at another panel hearing, utilising school facilities if necessary. So, we are not using the funds to develop or improve facilities because they are needed. We are simply, and I will underline this fact, using the funds to deal with the additional cost of providing higher education to local people throughout the economic downturn period.

Deputy R.G. Le Hérissier:

So, then I will move on. For example, all the political demand you hear for more training of young people within the construction industry and the introduction of more apprenticeships and so forth, where are these people if they are unemployed at the moment or if they are aspiring to enter the construction industry? Where are they going to be trained up, given the limited workshop capacity?

The Deputy of St. Ouen:

Well, I might at this stage pass you over to David Greenwood, one of my officers, because he is not only responsible for this area within the department, but he is supporting the Skills Board as they identify and develop appropriate training for the young people that you talk about. So, David, would you ...?

Mr. D. Greenwood:

The scheme we have established is essentially one of draw-down. We know that Highlands College has had a 14 per cent increase in applications, and we know the unit cost for educating any one of those young people. So there is not a fixed sum of money that Highlands College will pick up. It will be dependent upon the census which takes place on 1st November, and will draw down the additional students that we have taken.

Deputy R.G. Le Hérissier:

But you are quite happy, David, in terms of other schools in terms of its own facilities. If there is, for example, as there appears to be, a great emphasis on more apprenticeships for developments in the construction industry, that can be accommodated?

Mr. D. Greenwood:

Well, this is a twofold issue here. Firstly, the 14 per cent increase in applications has not been in those

areas. The workshops are under pressure as you know, but fortunately the applications we have had from the additional students have not been in those areas. They have been in classroom-based subjects. Now, alongside that, the Skills Board is working very closely to reinvigorate the ongoing apprenticeship scheme which could do with some improvements. We are in close contact with the Construction Council and some of the major developers in the Island, with a view to not only reinvigorating the apprenticeship scheme with them, but also developing a foundation degree in construction management, which would take people beyond level 3 in terms of the kind of project manager areas as well. But that is nothing to do with the fiscal stimulus package; that is just ongoing business that the Skills Board is doing.

Deputy R.G. Le Hérissier:

Okay. I will stop at that point and I will ask our members if they ...

Deputy T.M. Pitman:

Could I just ask the implications for staffing that course for that 14 per cent increase?

Mr. D. Greenwood:

Well, Highlands College have a relatively small fulltime staff, and they rely for the delivery of their courses on what they call V.L.s, which are Visiting Lecturers - they are part-time lecturers and they are on annual contracts. So the work has been going on since June to identify members of the public who could be trained as teachers over the period and be ready to take up employment in September if required. There is a special qualification for adult teachers. It is not the full P.G.C.S.E. (Postgraduate Certificate in Secondary Education) and the degree that you would expect of a school teacher, but it is a course called P.E.T.A.L. (Programme to Enhance Teaching and Learning). I do not know what P.E.T.A.L. stands for, but it does convert somehow into being an adult education lecturer, and Highlands College can deliver those courses. So, they can employ people and train them on a part-time temporary basis.

Deputy T.M. Pitman:

You say those are not ideal qualifications, but long-term what would happen several years down the line with those people who expected to qualify fully, as it were, or once they had been employed?

Mr. D. Greenwood:

Well, we encourage them all to qualify. I mean, the real question is to do with the fiscal stimulus which is a short-term temporary targeted piece of work. The last time we had a recession, Highlands College I think went into the recession with about 400 full-time students and came out at the end with about 600, and that number did not go down. So, taking on board what you are saying, the question really for us in the medium term is that as the green shoots of recovery start to emerge, are there going to be jobs for 16 year-olds in the new economy? If not, we really do need to be thinking about a 100 per cent staying-on rate in further education, rather than what we have at the moment, which is 90 per cent staying on.

Deputy M. Tadier:

Is it possible that in the long term it may be possible to save money for university fees, for example, by encouraging more people into education at that higher level, so if the figures do go up in the short term they will stay at a certain level. Let us say it goes up from 600 to 800; then that 200 people who would have been going to the U.K. would be benefiting from a grant or some kind of subsidy. Is that a way forward?

Mr. D. Greenwood:

Well, one of the initiatives that the Skills Board has taken is to identify a portion of Highlands College building and re-plan it as the university centre for Jersey. Part of the Skills Board strategy is to try to

ensure that there is a progression level 2, level 3, and through to degree level in all the strategic areas of Jersey activity. So already we have a foundation degree in financial services. This September we will be opening a foundation degree in I.T. (Information Technology) and Business. Next year we are hoping to develop a foundation degree for childhood studies and possibly construction; and there is discussion about undergraduate provision for law as well.

Deputy T.M. Pitman:

Social work?

Mr. D. Greenwood:

Well, that could be a possibility, because we have already got the basis for that with the social science degree. The benefits of that are, as you know, that 45 per cent of our young people go off to university. We get 65 per cent back, but it is over a 10-year period, and while they are at university they are enjoying grants that have been provided by the States, but they are spending the money over there. If we could develop this critical mass of higher education in the Island, then we would be meeting employers' needs, because the people would be in the Island and they would be working part-time and gaining work experience with local companies, and the grants that they are getting from us would be spent in the local shops. So, there is a benefit all round, and that is what we are trying to do.

The Connétable of St. John:

Coming back, can I ask you, Minister, to a slightly broader view. In your bids for money in the budgets and the Business Plan, which were approved and which were rejected?

The Deputy of St. Ouen:

Both funding pressures that we identified were rejected.

The Connétable of St. John:

Were you given reasons?

The Deputy of St. Ouen:

A view was taken that presently they did not feel that the risk of increased fees was particularly great, and that is clearly a judgment call. I cannot remember why ... I think the reason why they chose not to accept the development of vocational skills funding was the argument that while there are funds available on a temporary basis, you can make do with those. I do not believe, personally, that that is the way that any department should be encouraged to manage their funds. I think if you recognise there is a need, if you clearly identify that there is an ongoing revenue requirement, I believe it should be identified and noted.

Deputy M. Tadier:

It is presumably the Council of Ministers you are talking about. You just said that they think the risk of increased fees was not great. Is that a view that you share?

The Deputy of St. Ouen:

No. I think one of the issues that even I struggle with is the difference between the States financial year and the school year. It does create particular difficulties for our department, insofar as there is no certainty about the overall cost, say to higher education and pupil numbers, before October/November of this year; and because of that uncertainty it is very difficult within the financial constraints imposed on the department and my chief officer, the accounting officer, to deal with any spending pressures until a large portion of your budget is made certain. Equally, with university fees, if the fees are going to increase for 2010, we will see an increase in September 2009. So, if fees are going to increase for 2011, it will be September 2010 that we will notice and feel that increase. So, although we are agreeing a

budget in the end of September for 2010, there is absolutely no idea at this moment in time for the last quarter of the year what the university fees may or may not be.

Mr. M. Lundy:

We have a 3-year deal with U.K. universities, and they do not anticipate at this time that the U.K. Government will put up top-up fees as they expected they would in 2011. So, they are saying that is not imminent. Over a 3-year deal, within that 3-year deal, either body has the right to renegotiate after each year. The challenge is that if there are changes or there are changes to government policy in the U.K. in respect of higher education, it would be implemented in the middle of the Jersey financial year. Effectively, you would not have planned a reserve to meet that particular need.

Deputy R.G. Le Hérissier:

In this argy-bargy that appears to have occurred around which projects are going to be dropped, which are going to be accepted, did you yourself put any areas up and say: "In all our concern with existing funds, we are prepared to take cuts on these services", or, and I did hear some discussions around the sports centres for example: "We are prepared to re-examine how we finance them. For example, [obviously this is highly controversial] we might put up fees for entry."

The Deputy of St. Ouen:

I think the first message that we need to get across is that, although we go through this Business Plan process once a year, there is an ongoing commitment I believe from most departments, including my own, to ensure that the budgets are managed in an appropriate and efficient manner. That is the first thing. Certainly, since I have taken over as the Education Minister, I have gained some confidence in the fact that the department is doing all it can to ensure that the services are provided in an appropriate manner, and equally I have made it clear to the department that I expect nothing less. That is the first point. Secondly, with regards to cuts, what tends to be forgotten about is previous cuts imposed on a department. For instance, in last year's Business Plan for this year, it was agreed that the department would reduce its budget by nearly £1 million. There were 2 areas identified, which were student finance and another sum for demographic changes. That was removed from the budget and the department has been managing its resources to deal with those 2 cuts. Now we are expected or we are required not only to identify certain areas in which we believe reductions could happen, but equally and perhaps more importantly, because the sums "were not adding up" the departments were asked to take a pro rata cut, which is a very arbitrary figure for a start, and an arbitrary way of managing ones finances. Even the Comptroller and Auditor General a number of years ago highlighted the fact that it was totally unsatisfactory. The pro rata cut that relates to my department was £911,000. Clearly when we are dealing with that sum of money and recognising that we had already proposed 3 areas where we could seek to reduce our funds, there was only one option, and the option was to consider further devaluing the ability to support higher education.

Deputy R.G. Le Hérissier:

So, I suppose to answer the question then, Mr. Minister, because you were very unhappy with the process itself, you did not offer up any areas for cuts.

The Deputy of St. Ouen:

Yes. I did say 2 particular areas were offered up, and in fact they were; a proposal to address the present inequity in the provision of higher education grants by seeking to introduce a fairer method of assessing the contribution paid by all parents including those who are divorced and separated - again, a subject that we discussed at another hearing. We are also looking to find savings through the better use of our sports facilities, and the way we manage those areas.

Deputy R.G. Le Hérissier:

Did you put actual sums of money on these?

The Deputy of St. Ouen:

Yes, and you will see they are included in the Business Plan.

Deputy M. Tadier:

Minister, could I just interrupt? When you say the better use of sports facilities, would that refer to what Deputy Le Hérissier was asking about increasing the entrance fees? Would that come under the better use?

The Deputy of St. Ouen:

That might be one area that we would look at, but equally we are and have been looking at the sports facilities generally. They are, I would hasten to add, well used. However, there may be opportunities to improve in certain areas.

Deputy M. Tadier:

Would it also include cutting the exercise referral for people on income support? Would you consider getting rid of that?

The Deputy of St. Ouen:

No; and the other thing is that we are planning to review the grants provided to the fee-paying colleges. Clearly there are issues with that. In fact, this year I made a decision, together with the governors of Victoria College and Girls College, to hold increases in fees at a level which I believed was acceptable. Clearly there is a balance to be struck.

Deputy R.G. Le Hérissier:

Is that not contradictory, if you are suggesting you are going to ask the parents for higher fees, yet you have cut those fees? Is that correct?

The Deputy of St. Ouen:

No. I have not cut the fees. Currently, the law requires me to do 2 things. One, to consider the fees proposed by Victoria College and Girls' College; and the second is to consider the grants or the support, should I say, provided to not only those 2 colleges, but all other fee-paying schools on the Island.

Deputy R.G. Le Hérissier:

But if you reduce the grants and the school cannot find savings, where do you anticipate they will get the necessary ...?

The Deputy of St. Ouen:

Well, clearly, this is part of the discussions that will need to take place, and hence the reason for the review. The one final thing I would say is again, I would draw your attention to the Business Plan. It does identify the savings, or the reduced cost, because it is not savings in most cases. It is reducing cost by passing it on to somebody else. Those areas are identified in the Business Plan and sums of money are attributed to them in the particular year. With regard to review of the support to the private and fee-paying schools, we are not proposing to introduce any reduction, or seek to find any reduction, before 2011.

Deputy R.G. Le Hérissier:

Can we be assured in terms of retaining the current level of funding for other services? I refer to services like the Youth Service which of course may not be regarded as a core service. Now, some people see core services as statutory services. Can we rest assured that their funding is secure?

The Deputy of St. Ouen:

I am absolutely determined, and I think I made it clear when I stood for the position of Education Minister, that I wanted to improve and see improvements in the services provided, and at least maintain what we have. That pledge is still the same now as it was then. I am not prepared to see services reduced that (1) I am statutorily required to deliver, and (2) are related to policies that have been approved and agreed by the States over many years. Just as an example, if you take the statutory requirements that are linked to my department, plus the approved policies agreed by the States, the only sum left out of £100 million is roughly £400,000, which would be termed as discretionary grants and funds available. As you can see, if the States - and it will be the States to decide - if the States require my department to reduce its budget by a further £911,000 in 2010, then clearly I will not - and I would have to - reduce services that are provided. Bear in mind, predominantly, 81 per cent I think of my budget is spent on education. Now, I mean, as I said, although I accept that the States needs to manage its funds in an appropriate manner, I am not prepared and I was not prepared to make a decision to support a reduction which could affect the further or future education of our children.

Deputy T.M. Pitman:

Carrying on from Deputy Le Hérisser's question; obviously, Minister, you put out a release to all States Members. Perhaps it is fair to say you are not a happy bunny in that area, but wiser moves have been made. You just said about discretionary services, not just in your department. In the recent few days we have seen also the Family Centre and told it is going to close. Now, it has been suggested that that is because it was a discretionary service. Are you out on a limb in protecting these services on your side, and is that causing any problems for you with the Council of Ministers?

The Deputy of St. Ouen:

No; and I take that it is in fairness ... I mean, we have got to be clear. I do not think anybody, whether it is the Council of Ministers or the States generally, wants to impose service cuts, as they suggested. Equally, Ministers have a responsibility - it could be suggested I am being irresponsible for not supporting cuts within my department - because ultimately all services that we provide on this Island are paid for by the taxpayer, and we equally have a responsibility to them. However, I do believe that we need to have, and perhaps broaden, a discussion in the future about what services we want, and then we need to determine how best to provide them, or fund them, should I say.

Deputy T.M. Pitman:

You are giving a strong sense that you would not be taking a decision - as has happened with Health and Social Services - to cut a facility where the Minister had never set foot. You would certainly not be going down that route without a knock on to the Youth Service who occupy that building.

The Deputy of St. Ouen:

I will say that I think that Health is in a particularly difficult situation, and I cannot comment on how they are managing their department. Clearly I have got enough to do now with responsibility involved with overseeing the Education, Sport and Culture Department. But I would like my Chief Officer to comment, because he has been equally involved in the process, and he will know more of the detail.

Mr. M. Lundy:

Really it is just for clarification, and this is from an accounting officer, with respect. You will be aware that at the end of each financial year Education, Sport and Culture has tended to have an underspend. There are very good reasons for that underspend. One is to do with the difference between the school year and the financial year. I shall not go into the detail of why that is the case, but I can give you examples should you require them. The other is in relation to higher education, because the demand for support for higher education is affected by a number of factors: (1) the number of students, which is

something you can generally predict; (2) is the income of those families, which is hard to predict; and (3) the nature of the courses that are going today, so obviously something like medicine is much more expensive than a class-based course. In I think about 2006, we had spent about £11 million of our Education Department's funds, and that changes each year. It required us to introduce new measures; one was the student loan. Now, each year there has been an underspend, partly because it is difficult to predict the demand, but also because it is important to maintain some sort of fund in order to meet additional demand the following year. You could ask: "Why have you not invested that underspend in improving the value of student grants?" and the answer would be: "Because until around about March this year we were predicting a massive hike in top-up fees around 2011." It would not have been prudent to be spending that money when you were anticipating a hike. Now that is not confirmed, the fact of the agreement we have with the universities over the next 3 years. We would hope that it would not happen, but obviously it is dependent on the British Government. The point is that the underspend exists, and if the Minister's budget is cut by £911,000, then that is the obvious place to take the money from. It means that the value of the grant, as it stands, will not be improved, but it does mean that the money can come out of the department without affecting individual services.

The Deputy of St. Ouen:

I would argue, and have been arguing that it does, because of the situations that are described - the difference between the States financial year and the school year, and the need to wait right to the very end of the year to understand and know how much money you need to provide to both schools and for higher education. I am unable to deal with the spending pressures in other areas, and so decisions, if you like, are put off. The only way that I have been able to manage that process - and other departments I would hasten to add - is that there is what is termed a carry-forward process that happens in the beginning of the following year. However, it is rather odd that on the one hand the department is provided with a budget, and then if it is prudent and if it does end up with an underspend - in other words not using all of its budget - it then has to re-bid to be able to use those funds. Indeed this year was a prime example where a general underspend amounting to £2 million was identified, but we also at the same time identified spending pressures that would basically utilise all of those funds. However, decisions were made that this was not going to be the case and we were only allowed to use a portion of that to deal with some of the spending pressures.

The Connétable of St. John:

We have talked quite a lot about higher education. Can I move us back to the other end of the spectrum, nursery education. The States policy to provide 20 hours of nursery education. Do you have sufficient funding to achieve that?

The Deputy of St. Ouen:

Unfortunately, the States made a decision last year and in the 2009 Business Plan, to provide the 20 hours free early learning education experience for rising 4 year-olds, and a sum of money was attributed to providing that, and allowed for within the budgets of the department, both for 2009, 2010, 2011, 2012 and 2013. This has planted the difficulty that all departments face with the present financial management of the States in that, although we approve and agree budgets over a period of 3 to 5 years, we are continually reviewing those same budgets. In this particular case that I find myself in this year is that I cannot even rely on receiving the approved budget for 2010; and I would ask anyone how on earth is one supposed to manage a department, a business or any operation with that sort of uncertainty? It is for those reasons that I have taken the particular stance that I have with regards to the pro rata cutbacks.

Deputy R.G. Le Hérissier:

Oddly enough this sounds sort of counter-intuitive, but on the nursery education there has been a view that if you are offering 30 hours rather than the 20, which the States mandated you to do - and of course this is a collective responsibility of the States - you know, we are still not dealing with the issue of the

working mum who has not got summer holidays and so forth and so on. I know we may have bodged up the solution as an interim and regarded that, shall we say, as an interim measure before we got to a more equitable think. Are you offering 30 hours or 20 hours?

Mr. M. Lundy:

I think I would probably take issue with “bodged-up solution”.

Deputy R.G. Le Hérisier:

Well, no, I am saying from a political point of view. I would not for a moment think ...

Mr. M. Lundy:

Quite clearly the classes in the nursery schools have been operating 30 hours for some time.

Deputy R.G. Le Hérisier:

Yet you were financed for 20.

Mr. M. Lundy:

No. They were financed for 30, and the funding flows through for that and has continued to flow through, and if you look at the Business Plan expenditure in that area over consecutive years it is justified for the last 3 years through 2007, 2008, 2009, you will that see it is very consistent and reflects staff inflation, and all staff inflation each year.

Deputy R.G. Le Hérisier:

I must go back to this one, was the States decision for 20 or was it for 30?

Mr. M. Lundy:

The States decision was for 20. So, the partnership with private providers ... the planning for that has gone disconcertingly well, in the sense that it would appear that we have the funding to deliver as we expected, that the predictions are turning out as expected, and that the number of providers who have joined the scheme and are working with this are as hoped. Of course, the scheme is not introduced until September, but having said that, it would seem that all the places have been allocated, so we pretty much know how much it is going to cost, and that aspect of it is for 20 hours. In terms of addressing the needs of working parents, we are already seeing changes in parental choices. So, parents who have put their names down for a free nursery place in a provided primary school have taken their names off those waiting lists and gone to a private provider. The reason that they would have gone for a private provider is usually because they are working parents, so they get the 20 hours; they can then leave the child at that location and pay for additional hours, so there is less disruption and less managing transport. So, that type of provision best meets the needs of working parents. Then the parents who simply want a nursery education for their children, and may not be working parents, have the option of the nursery class. So, we are seeing some changes in parental choices there, and I think that over time that will address some of the issues.

Deputy M. Tadier:

My question is a more general point. A moment ago, Minister, you were saying that when you stood for election as the Education Minister you basically gave a pledge either to improve services or to maintain services at their current level. Certainly that you did not want to see any cuts. I have trouble squaring that with an amendment which was brought, I think at the Strategic Plan, I think by Deputy Southern, which was to maintain services at their current level. I believe that you voted against that amendment. In the more global sense, in supporting the Strategic Plan which I believe that to anyone who is politically literate, was basically a statement that there would be cuts. So how do you justify coming to us now and complaining that your department is being asked to make cuts in effectively core services

areas that you do not want to, when you have been given this political support all the way along?

The Deputy of St. Ouen:

I am not complaining that I do not want to make cuts. What my position is, is that I have decided that I am not prepared to accept arbitrary cuts without a proper debate and discussion happening, and that is why I plan to bring an amendment to the States because that is the only option that I have.

Deputy M. Tadier:

Did you not see this coming, though? Presumably the Strategic Plan is quite clear that we were voting on making cuts and that is why certainly I could not support that.

The Deputy of St. Ouen:

I mean, obviously that is your view.

Deputy M. Tadier:

Do you agree that perhaps you have made a rod for your own back here, and this is just a natural consequence of that?

The Deputy of St. Ouen:

I do not see any relevance, to be honest.

Deputy R.G. Le Hérissier:

So, just to clarify then, Minister, what you are saying is then, if there were to be a proper rational process in your view of examining services and their validity and so forth, you would be prepared to go along with that in order to meet a cost-cutting target, as long as you could be assured there was a proper rational process to debate the validity of all services ...

The Deputy of St. Ouen:

Well, no. What I am saying is that first of all we - the States - have got to decide. We are collectively responsible for determining what services we want to provide and how we are going to provide them. That has got to be the ultimate focus, and as far as I am concerned, if the States have made decisions - whether they are for supporting pre-school or providing university grants to support parents and so on and so forth - then my responsibility as the Minister is to deliver on those approved policies, and that is my aim. If there is any variation to that, I believe it is only right that I should bring that to the attention of the public, and States Members more importantly, and all I am seeking to do is to identify the reason why I do not support the cut but, quite rightly, I will respect the States Members view on whether that cut should be taken or not. That is the most appropriate way, that is the way that the system works and as such I am quite prepared to follow that process, and so there is not James Reed necessarily promoting his own personal view; all I am trying to do is to give States Members the opportunity in the Business Plan debate to determine whether or not my department should be faced with a pro rata cut of £911,000.

Deputy T.M. Pitman:

Just to go back to Deputy Tadier's question, if he voted against maintaining services to now take the stance you are arguing, you must accept that weakens your hand. I do not see any anomaly in that question. It must weaken your position now which most of us intend to support.

The Deputy of St. Ouen:

I am sorry, I do not follow your reasoning.

Deputy T.M. Pitman:

You took part in the Strategic Plan debate. Why did you not voice this concern then; why did you not

take a stance?

The Deputy of St. Ouen:

Because during the Strategic Plan debate I was under the impression that the budgets that were approved in the 2009 Business Plan for 2010 and 2011 were budgets that you could rely upon.

Deputy T.M. Pitman:

Thanks for clarifying.

The Connétable of St. John:

Just to change the subject slightly. Heritage and Culture have been in the media quite a lot lately and you are undertaking I think 2 reviews of the Heritage Trust. Could you update us as to where you are with those reviews?

The Deputy of St. Ouen:

Can I pass that to my Chief Officer because he has been more directly involved with it?

Mr. M. Lundy:

Yes. Two reviews, one is by a company who will help Heritage look at the way they organise their business and the business opportunities that they might explore for the future, and the terms of reference have been agreed for that this week so hopefully that review will start imminently, and the second review is by the Comptroller and Auditor General, which is really looking at the investment in Heritage Trust and how they use that investment.

The Connétable of St. John:

Would you say within the department that there are concerns as to the way the Heritage Trust is managed?

Mr. M. Lundy:

What we would say is that we are looking for assurances that Heritage are able to use their resources in a wise and efficient manner.

Deputy R.G. Le Hérissier:

It strikes me from the way you have described those studies, Mr. Director, they are studies essentially at senior management, financial management and strategic and operational management is working to the optimal level but is anyone examining what strikes me as the basic argument of the Trust that the nature of tourism has changed, the number of tourists is fast declining and the funding model, even when we get up to optimal management, like Durrell perhaps, is no longer sustainable.

Mr. M. Lundy:

That is one of the strands but you are quite right; one of the strands is looking at the organisation and financial management, the other one is looking at the business opportunity: "Is the model that we are operating now the right model given the current economic context, and the current context as far as tourism is concerned?" That is one of the aspects. Out of this, I guess at some point in time politically, you will need to take a view of what it is that you value in terms of culture and what you would wish to sustain and how much you can afford to sustain.

The Deputy of St. Ouen:

Can I just make one point? I think that we have got to be aware that one of the main reasons for Jersey Heritage finding itself in the position it does is because of a reduction in income which was related to tourist numbers. Clearly, the funding mechanisms and the way that Jersey Heritage is supported is not

at present able to react to that and that is going to be a challenge; to try and balance reducing or hopefully rising tourist numbers with the support that is offered and provided on an ongoing basis to Jersey Heritage. I can understand Jersey Heritage and its frustration that, on the one hand, they are wanting some certainty about an ongoing commitment about funding, and yet I find myself unable to provide that because, equally, as a department, we are facing those same uncertainties.

The Connétable of St. John:

Can I just ask you; obviously the way they run their business is one thing but education is another and I know it comes back to the old chestnut of the DUKWs and the decision to buy those and the amount of school trips that are having to be cancelled because kids cannot get out there. That surely has got to have some effect on income as well.

The Deputy of St. Ouen:

I think that these are all of the questions that I hope that the review and the individuals concerned in conducting the review, together with Jersey Heritage will identify, if they are indeed true, and help us to address.

Deputy T.M. Pitman:

Just to touch on that, we mentioned earlier is there a difference between core and discretionary services. Is it a fact, really, that culture is not a core element for Jersey and you might not all hold that view but, within the Council of Ministers is culture seen really as something that is nice but it is not that important?

The Deputy of St. Ouen:

Not at all. I think culture has an important part to play and I would suggest that, again, that we have got to be a bit careful. The Council of Ministers is accused of all sorts of things. Ultimately, I think we are all individuals trying to do the best for this Island within the financial constraints imposed on us and the issues that we face. Clearly, every department will argue and could properly argue for additional resources and the need to support their services, and I just perhaps happen to be slightly more vocal than most at the moment. But with regards to statutory and policy, in my view, there is no difference and in fact this is borne out by the experience in the U.K. where there are many statutory services that people believe secure funding and this is not the case. It is the Government and the public, if you like, that supports the Government, that will determine what support, what importance we place on all our services.

Deputy R.G. Le Hérissier:

In a way it could be argued, Mr. Minister, you had the big alarm bell through the DUKW issue and, okay, some politicians may have got over-involved in it and so forth but the alarm bells had rung and we knew that tourism was struggling and some of the big facilities were struggling. Of course, the numbers were not there to sustain their financial markets. Do you feel you should have intervened earlier and do you feel also that with culture, for example we had the opera house; it appears to have got itself very well reorganised after its problems and it has got the money rolling again, it has dealt with its big losses of a few years ago and so forth. But again, there is a feeling in that area that excellent work has been done but somehow somebody has to sit down and look at all the capacity and, of course, I keep mentioning St. James and the scaffolding, as you know, for example. Are you going to be able to intervene before these issues get too bad and we get another crisis like the Heritage crisis?

The Deputy of St. Ouen:

I think, yes, I can intervene to a certain extent although one must recognise the whole point of Jersey Heritage to us and the Arts Trust and Opera House is that we are not directly responsible for the day-to-day activities of those organisations; the whole point of setting them up is that you task a particular

group of people to deliver a set of services. My role, and Jersey Heritage and the Opera House would say the same, my role is to provide sufficient funds in order that they can meet the obligations imposed on them and the requirements imposed on them by my department which, hopefully, reflects the wishes of both the States and the public. The difficulty I currently face is, and I keep coming back to it, the Business Plan process. Although I would like to start considering providing additional sums of money to Jersey Heritage, let us say as a “for instance” over and above their current level of funding, until the States determine the level of funding for 2010, which will be late September this year, my hands are tied. That is the biggest flaw in the current system of financial management that the States are involved with. I hasten to add there is a new or renewed determination, perhaps, from the Council of Ministers and indeed the Treasury Minister, to address this issue once and for all. We have got to get into a position where we properly identify all the costs of providing our services and also how they are funded, both in the short and medium term.

Deputy R.G. Le Hérissier:

Are you happy then, Mr. Minister, from a financial management point of view, are you happy to continue what you might call a quango approach or do you feel that perhaps the time has arrived for more direct intervention by you?

The Deputy of St. Ouen:

No. I honestly think from what I have seen and the discussions I have had with, let us say Jersey Heritage, we will use that as an example. I believe we have got a very dedicated group of people that are doing their utmost to provide and maintain our cultural events and sites on this Island. We, as States Members, and I as the Minister for Education, Sport and Culture, equally have a responsibility which is to ensure that they are provided with sufficient tools to do their job which includes the funding. Currently, I feel personally that I am letting them down because I am unable to provide them with that certainty. I do not believe that that is acceptable and I will be doing my utmost to ensure that whether it is Jersey Heritage, whether it is a school, whether it is parents who are planning to send their children to university, there is a far greater certainty to the funding that is provided by my department, both now and in the future.

Mr. M. Lundy:

Just for clarification. There seems to be a couple of issues. Obviously, this is a debate that was raging for many years in the U.K. which is around: “Who is the best determiner of what is the best in terms of our culture?” and the general view was that it probably was not the Government, necessarily, to do that; that it was to put it in the hands of the people who knew best about those areas and that is essentially what the quango arrangement is about. There is the level of investment which is a government issue: “How much do you feel you should invest in art and culture?” and then there is value for money and the value for money issue is, I think, the question that has been around now for the last year, alongside the investment question. What we have got in place is strong governance and accountability arrangements which, again, we are looking at to try and strengthen and even further improve, but around partnership agreements in place with each of the organisations who deliver these services on behalf of the Government and an annual business planning process that enables them to come and set out what they intend to do for the following year in return for the grant that they get. Those arrangements are in place. But quite clearly, the risk in that is that a quango organisation may go off and take a course of action without necessarily consulting and, of course, then afterwards you are left with the issue to deal with.

Deputy R.G. Le Hérissier:

Can I call on the director and ask the director then, rather similar to the question I asked the Minister, what mechanisms have you got in place, given that we are a very small Island and we can observe each other doing things or anticipating things? What mechanisms do you have in place that will warn you,

for example, of directions that may be leading into troubles?

Mr. M. Lundy:

The key mechanisms really are, as I have said, around clear partnership agreements so the expectations that each partner can have of each other are clearly set out and obviously we would seek to improve those partnership arrangements. We have the Annual Business Plan which we would expect to know in advance what the organisation intends to do for its grant in the following year. Then you have the normal monitoring arrangements, and the monitoring arrangements would be where you might commission an audit or, like we have done for this commission, 2 reviews of how the organisation is conducting its business. Those are essentially the mechanisms.

Deputy R.G. Le Hérissier:

Sorry, we have got to move on.

The Deputy of St. Ouen:

One last point on Jersey Heritage and it is, if you like, a failure by the States generally to understand the full implications of approving particular strategies, and the one strategy I will highlight is the Cultural strategy. It was approved, agreed, supported and gave great encouragement to all organisations involved in delivering culture on our Island and yet the financial implications of delivering that strategy were not allowed for. I think that we have got to get much smarter.

Deputy M. Tadier:

I cannot stay here while Channel Television are filming, I am afraid, because there is a discriminatory policy in place which, unfortunately, is still with the Chairmen's Committee whereby members of the public with blogs are not able to film in here, and I think that is completely unacceptable. I think the same standards should apply to the conventional media, such as Channel television and BBC, so if the filming is going to take place, I will have to leave.

Deputy R.G. Le Hérissier:

Thank you, Mr. Member. If it is any consolation to the Member, yes, this is an issue, you are absolutely right, and what is likely to happen is that the States will, in order to bring about the level playing field which you are seeking, be asked to set up a group which will look into the role of all media. But until that occurs, certainly the Chairmen's Committee yesterday and I think, hopefully, P.P.C. (Privileges and Procedures Committee) of which you are a member, basically will say that status quo will prevail and then there will be a proper study done. Because obviously we are in a fast-developing world so I hope that is some comfort.

Deputy M. Tadier:

If the guest and the public will excuse me then I do have to leave, on a matter of principle. I will return when the camera has left. Thanks.

Deputy R.G. Le Hérissier:

Yes. Sorry, we interrupted the Minister. Have you finished? Okay. One final question then we are going to move to sports.

Deputy T.M. Pitman:

Just to ask you, obviously there is disparity in what Jersey Heritage think they need to function. If an amendment proposition was brought to the Business Plan to increase their fundings, say by £1 million or £2 million, would you support it, bearing in mind the money does not have to be found from your funding?

The Deputy of St. Ouen:

If I had a fixed view on that now, I would question why I am bothering with the 2 reviews. I want to see, if you like, the evidence; maybe that is because of my Scrutiny background. But I want to see the results of those reviews and then I want to properly consider them, and clearly there may be issues that I need to bring to the States at the appropriate time. But until then let us get these reviews done. I know that they could have happened perhaps sooner but let us get them done, let us see what the results are and then let us collectively try and deal with the problem.

Deputy T.M. Pitman:

When do you expect that to be done, sorry?

The Deputy of St. Ouen:

I am hoping that we will have at least one of the reports completed in September, if not both. But I am not sure exactly when in September.

The Connétable of St. John:

We had better move on to sport now; we do not want Mr. de la Haye to feel as though he has wasted his time.

Mr. D. de la Haye:

I have not wasted my time; it has been very interesting.

The Connétable of St. John:

What changes are proposed for the sports development programme, if any?

Mr. D. de la Haye:

There are not significant changes to the programme. We are very hopeful that we can continue with those. Indeed, if we did need to make cuts, one of the areas we have looked at is grants, and those are some of the areas. There are 2 areas that we would particularly look at; one of those is the Advisory Council for sport and leisure. We have had some grants which they are able to allocate, and the second one is we do have a small amount, about £31,000, which we do allocate to support festivals and events, so those groups that are coming into the Island, and those would be the 2 areas that potentially would need to be reduced in their budget. But we are very determined to continue with the programmes as they are at the moment. We are continually reviewing them but we are intent on continuing those at the moment.

Deputy R.G. Le Hérissier:

Are you feeling any particular pressure because of the cost cutting ethos behind the Business Plan? Has it reached into your department yet?

Mr. D. de la Haye:

I do not think it has reached our section any more than any others at the moment. I think over the last few years the Sport and Leisure Division has had reductions in the budget and that has had implications. Probably the biggest implication in that has been the minor capital budget which was reduced from £250,000 to £100,000, and the other effect that it is having is clearly the budget that was passed to Property Holdings, and I do have a particular concern that some of our maintenance will be affected in the coming years and we are already seeing the implications of that. Perhaps the most recent of those was, you will have noted, that the netball courts at the F.B. fields we are unable to refurbish. As a result of that, the Netball Association has decided that it wishes to move their fixtures to Les Quennevais probably in the near future so that they will do double headers. Rather than playing just single games they will probably begin at 6.00 p.m. and then they will play a second game at 7.30 p.m. That really is

because the courts at the moment are less satisfactory at F.B. Fields. They are fine when they are dry but when it does get wet, they have less resistance or less grip on them and that makes them less safe for use.

Deputy R.G. Le Hérissier:

Do you feel, Mr. de la Haye, you have had in many respects a history of a very successful, it has to be said, department and we have been very impressed by a lot of the work in Fort Regent, albeit you have to labour under various constraints. Do you feel the pressure is building up, for example, for you to increase your admission charges and your various club charges, for example?

Mr. D. de la Haye:

It is something that the Minister has asked us to do and we are certainly going to be undertaking a review of the charges. I think what we have done over the last 8 or 10 years is reviewed charges across all of our activities and the basis of those is to try and reduce the subsidy to equal amounts across the different activities, and that is somewhat difficult. If you are running a gym and you have got a lot of people in a relatively small area then clearly your income is greater than if you have got a large hall where there are less people playing, but clearly they need that large space to play in. Or even if there are state playing fields where you have got masses of area and people not always playing on them but clearly they are important green lungs and facilities to keep. But what I would say is that it is not just a simple matter about putting charges up. I suppose I would use as the best example of that the Active Card. When we began the Active Card if people would come to use a facility, perhaps 3 times, and I use figures that are not correct but it is just as an example, if somebody came to the gym 3 times and we were charging them, shall we say, £2 a week, we would generate £6. We took to the committee of the day a proposal to allow people to have a membership which might be only £5 a week. Immediately, the impression is that you are going to lose some money; that person that came 3 times a week is only going to give us £5 now. But clearly, it is not as simple as that because we have increased the volume, the number of people participating and indeed the income. By having more people participating and being members of the Active Card, as an example, then clearly we have generated more income although some individuals might not be paying as much as they have done in the past. But it is about trying to find that right balance and that right level, and what we do is we obviously look at other providers, not only in the Island but in other places, to try to find that right balance because I believe it is about increasing participation. But it is finding that right level.

Deputy T.M. Pitman:

Could I just have some clarification: you have been asked to put your prices up or to review your prices; I was not quite clear on that?

Mr. D. de la Haye:

To review the prices, not to put them up; the Minister has asked that we take a review across our section to take another look at the pricing policies that we have got to see if there are any areas where potentially we could increase prices if it was the right thing to do. That is really about trying to reduce the subsidy levels that we have for the facilities that we operate.

Deputy R.G. Le Hérissier:

Do you think elements of Fort Regent that you are essentially in competition with private gyms?

Mr. D. de la Haye:

It is difficult to find an alternative word to “competition” but I do say to the members of my section that I am in a difficult position because I firmly believe it is about increasing participation. So if there are people taking part in other gyms I believe that is an excellent thing, because that is more people participating and that has got to be one of our prime objectives. Clearly, we operate some of those

facilities but I do believe it is about keeping the prices at the right level so that as many people as possible are able to afford to use those facilities and, clearly, that is one of the important things. It is a fine balance but we do look across the other facilities and try to maintain those things.

The Connétable of St. John:

Can I just ask you, in terms of pricing, et cetera, could you give the panel an update on the situation with the AquaSplash, i.e. profit/loss, because it does seem to be a little burdensome in the loss department?

Mr. D. de la Haye:

We are currently in discussions with Serco and I think one of the problems that we have got is the certainty of the subsidy level. We will need to provide a subsidy; the pool is never going to operate at no cost to the States, that is quite clear. It is just not possible to do that and there are no swimming facilities, as they are, that would be able to do that, even if they have got a much greater catchment area than we have got in Jersey. The Treasury has passed on to us a base budget each year and what we are doing at the moment is trying to negotiate, and we are coming closer to doing that so that we have got some certainty and take the risk out of that budget increasing. In fact, what we are trying to do is also build into it the opportunity to reduce that budget by incentivising Serco to operate more efficiently and effectively so that we can try and reduce that level. What we are hoping is that we can bring that down. There are some figures. I think I am not at liberty to disclose those here because we are still in discussions with Serco about those figures; in a different forum I would be happy to do those but they are obviously discussions of a contractual nature, which I think I am correct in saying it would be best not to disclose here in terms of the exact figures. But I am hopeful that we are doing that and Serco are in agreement, and so now we are coming to the point we are putting that through the law offices to get their confirmation in terms of the changes that were suggesting to the contract.

Deputy R.G. Le Hérissier:

On the contract itself, Derek, is the contract open for renewal at a certain point?

Mr. D. de la Haye:

It is a 20-year contract originally, I think we are in the fifth year of it now, but the terms of the new contract would be that it would be still the same term but it would be open to change every 5 years and review by either side, really.

Deputy R.G. Le Hérissier:

But for the moment, we are stuck with 20 years.

Mr. D. de la Haye:

Twenty years; but there is a 6-month break clause in there. There is a 6-month break clause on it.

Deputy R.G. Le Hérissier:

There are break clauses. Good thank you very much for that. I am sorry to rush you but I know the Minister is almost on the brink of leaving; not voluntarily, I will have you know. **[Laughter]** Are there any final comments you wish to make and then I will ask the panel, such as it is, if there are any?

The Deputy of St. Ouen:

Just very briefly. Clearly, I have made my position very clear about the pro rata cuts. I would not like anyone to leave this particular meeting with the view that I am the only caring Minister in a group of 10 others and, as I say, there are some difficult decisions to be made and I think that we have the Business Plan debate on 22nd September, and I believe that that will be the place where the real decisions and the necessary decisions will need to be made, not only about what services are required but what funds we are going to be attributed to them.

Deputy R.G. Le Hérissier:

When these cuts were brought up to the council, Mr. Minister, did you hear from colleagues, were they asked to say: “Well, if you impose this pro rata cut on me, this is probably where I am going to have to cut.” I tell you why I raise that because if you take something like the Grands Vaux Family Centre or perhaps Asset(?). Closure there, although technically under Health, has massive implications for your ministry in terms of joined up thinking, in terms of the issues that the Williamson Vulnerable Children Panel has been looking at, the whole bridge issue. Did you ever say: “We must sit down and look at where you, other Ministers, are cutting because we need to know how it is going to impact on our services?”

The Deputy of St. Ouen:

I do not believe that any time, necessarily, was spent on considering how departments were going to deliver the pro rata cuts because it is the nature of the cut. You have proposed reductions in cost, which was a process that we all subscribed to, and we brought various things to the table, many of which have been included in the Business Plan. The difficulty I think departments have faced collectively is that when the sums were done and the recognition was given to the priorities, the growth if you like identified in the Business Plan, an additional sum of money was needed to be raised. Because of that, a decision was taken to distribute the remainder of the money that was required across departments on a pro rata basis.

Deputy R.G. Le Hérissier:

So you were never told about Grands Vaux for example.

The Deputy of St. Ouen:

I would suggest that you have got to direct that question directly to the Health Minister.

Deputy R.G. Le Hérissier:

But you were never told about Grands Vaux before it happened?

The Deputy of St. Ouen:

No, I can assure you I was not.

Deputy R.G. Le Hérissier:

Good. Any final comments?

Deputy T.M. Pitman:

Just one final question and perhaps it is a bit of a curved ball but the Vulnerable Children’s Review is out on Monday. Are you happy in advance? Do you think that your department has enough emphasis on preventative services?

The Deputy of St. Ouen:

I think that my department is probably, out of all the departments, doing the most to support young people and their families and I would hope that that is recognised and, secondly, I would hope that additional support is provided, not necessarily to my department but so that other departments can fulfil their roles in the proper and correct manner.

Deputy R.G. Le Hérissier:

Okay. Thank you all very much for attending. It has been a very wide-ranging discussion. Obviously some points will have to be picked up later or will be picked up in other ways so, again, I thank you all very much for coming and hopefully you can get to your next appointments.

The Deputy of St. Ouen:

Thank you very much. Thank you.