

**Final Budget 2015-16:
Department of Education
Savings Delivery Plan**

3 March 2015

	£m
Opening Resource Budget 2014-15	1,943.7
Opening Resource Budget 2015-16	1,914.2
Overall level of savings required to deliver key objectives and live within Final 2015-16 Budget settlement	97.6

Background

1. On 25 November 2014 the Department published its Draft Budget 2015-16 Consultation document. This highlighted that, at Draft budget stage, the Department faced a Resource funding gap of £162.5m or 8.4% of the opening 2014-15 baseline budget. This amount was made up of two key elements:
 - The £94.4m year on year reduction in cash funding; and
 - £68.1m of inescapable pressures (which were detailed in the DE Draft Budget Consultation document).

2. The outworkings of the Final Budget 2015-16 for the Department was that an additional £64.9m Resource funding was secured. The Department's 2015-16 Resource baseline therefore increased from £1,849.3m at Draft Budget stage to £1,914.2m at Final Budget. This included £1.6m Change Fund monies for Nurture Units and £0.3m in respect of PEACE IV match funding.

3. Hence the Resource Budget funding gap has reduced from £162.5m to £97.6m and this is made up of two key elements:
 - The £29.5m year on year reduction in cash funding; and
 - £68.1m of inescapable pressures.

4. Overall, therefore in 2015-16 the Department of Education faces a Resource funding gap of £97.6m or 5% of the opening 2014-15 baseline of £1,943.7m.

Process undertaken

5. As part of the work involved at the Draft Budget stage an internal review group was established to critically examine all areas of the Department's Budget with a view to driving up efficiency, reducing bureaucracy and eliminating duplication.

6. However the scale of the budget reductions required in 2015-16 means that these cannot be delivered through efficiency savings alone, especially in light of the savings already delivered during the Budget 2011-15 period. In a tight financial context, very difficult choices therefore have to be made.
7. In reaching final decisions on the Budget reductions included in the Education 2015-16 Savings Delivery Plan, the Minister has:
 - Focused on protecting frontline services as far as possible, promoting equality and raising education standards;
 - Secured the continuation of specific programmes that reflect the Department's statutory responsibilities;
 - Continued to tackle social disadvantage; and
 - Ensured that support for children with Special Education Needs is prioritised.

Deliverability

8. There are three key factors impacting upon the deliverability of the Savings Delivery Plan:
 - 77% of the DE Budget goes directly on staff costs;
 - The voluntary exit scheme agreed by the Executive; and
 - That it is unlikely that any staff will leave before September 2015.
9. Hence there is a risk that sufficient savings will not be achieved in 2015-16 due to factors outside the Department's control e.g. the numbers of volunteers who come forward across the education sector.
10. Each area of the Department's budget was re-examined to determine whether it related to predominately staff or non staff expenditure. Our initial assessment of the £97.6m funding gap is that there may be a potential shortfall of c£30m, based on a very high level estimate of the number of staff who may volunteer for redundancy during 2015-16.
11. To mitigate the risk that insufficient savings will be realised from those predominantly staff based budget areas, c£25m of additional savings have been identified from those budgets relating to non staff based expenditure. In order to reduce the potential shortfall specifically in the Education Authority, the Minister has allocated £10m of these additional savings to the Education Authority Block Grant.

12. Hence, while the Department only requires £97.6m of savings to balance its 2015-16 Resource Budget, the Education Savings Delivery Plan totals some £114.5m. This headroom relates to the increased level of savings from those budgets relating to non staff based expenditure and its purpose is to offset any potential shortfall in savings from staff related budgets.

Analysis

13. The Minister has agreed that the savings detailed at Annex A, have to be achieved in 2015-16, in order to address the 5% funding gap identified at paragraph 4 above, in order to deliver a balanced Resource Budget in 2015-16.

Education Authority Block Grant

14. The new Education Authority must deliver savings of £10m in 2015-16, in order to live within its 2015-16 budget allocation. The majority of this relates to unfunded pay and price pressures.

Release of Severance Funding

15. As included at the Draft Budget stage, this budget has now been released. All severance costs in 2015-16 will be funded from the central pot which has been set aside by the Executive for the voluntary exit scheme for both the NICS and the wider public sector.

Contingency Fund

16. The Minister had also previously allocated £9.2m in 2014-15 to address unforeseen contingencies, in line with HMT guidance. As included at the Draft Budget stage, this budget has now been released.

Procurement: Goods & Services

17. The Department will continue to seek to ensure best value for money in the procurement of goods and services within the education sector, with a planned reduction in spending in 2015-16 of £8.0m.

Equipment for Capital Projects

18. The Draft Budget included an inescapable pressure of £4.0m relating to equipment for capital projects. This amount, added to the opening 2014-15 budget of £5.4m, gave a proposed 2015-16 budget of £9.4m. This has now been reduced by £7m, leaving an opening 2015-16 budget of £2.4m.

Meals: Nutritional Standards

19. As included at the Draft Budget stage this budget of £4.7m has now been released. The Department will continue to work with schools/catering service to implement the standards by seeking to achieve greater efficiency where practicable in providing school food.

SEN Review

20. The Draft Budget included an inescapable pressure of £1.4m for this area, which added to the opening 2014-15 baseline of £5.5m gave a proposed 2015-16 budget of £6.9m. This has now been reduced by £3.4m, leaving an opening 2015-16 budget of £3.5m. However, the SEN Review will still be able to be delivered, but over a longer period of time; implementation is now proposed from September 2016.

Schools Maintenance

21. As included at the Draft Budget stage, the opening 2014-15 baseline of £17m will reduce by £3m.

Extended Schools

22. The opening 2014-15 baseline of £12.1m has been reduced by £2.0m, leaving an opening 2015-16 budget of £10.1m.

Entitlement Framework

23. As included at the Draft Budget stage, the opening 2014-15 baseline of £6.9m will reduce by £2m. The Minister has listened to schools' views on the importance of retaining some earmarked funding to support the implementation of the Entitlement Framework. Rather than removing the budget entirely he is making available an allocation of £4.9m for 2015-16.

Community Education Initiatives

24. This Initiative was a 2 year programme covering 2013-14 and 2014-15 and there was no commitment to fund the Initiative beyond March 2015. The opening 2014-15 budget of £2.0m has now been released.

Curriculum Development

25. The opening 2014-15 baseline of £2.0m has been reduced by £1.6m, leaving an opening 2015-16 budget of £0.4m.

Safeguarding and Behaviour Support

26. As included at the Draft Budget stage, the opening 2014-15 baseline of £13.5m has been reduced by £1.4m, leaving an opening 2015-16 budget of £12.1m.

Special Education

27. The opening 2014-15 baseline of £6.1m has been reduced by £1.4m, leaving an opening 2015-16 budget of £4.7m. Children with Special Education Needs statements will continue to have their needs met as detailed in their statement, as required by legislation.

CCEA

28. The Draft Budget included an inescapable pressure of £3.2m for this organisation, which added to the opening 2014-15 baseline of £22.1m gave a proposed 2015-16 budget of £25.3m. This has now been reduced by £2.4m (not the £3m included at Draft budget stage), leaving an opening 2015-16 budget of £22.9m.

SEN Review: Literacy & Numeracy Programme

29. This Programme will end in March 2015 and there was no expectation that additional funding would be provided for 2015-16. The opening 2014-15 budget of £1.5m has now been released.

Third Party Organisations

30. In order to protect delegated schools budget as far as possible the Department is proposing to reduce and/or cease funding for several standalone initiatives

provided for pupils by third party organisations. The total budget reduction is £0.8m.

Early Years Fund

31. The opening 2014-15 baseline of £2.9m has been reduced by £2.0m, leaving an opening 2015-16 budget of £0.9m. Continued investment in the pre-school and Sure Start programmes and ongoing implementation of actions within Learning to Learn maintain a positive focus and investment on the education of our younger children.

Sure Start

32. The opening 2014-15 baseline of £23.8m will reduce, not by the £2m included at the Draft Budget stage, but by only £1m, leaving an opening 2015-16 budget of £22.8m.

Community Relations

33. As included at the Draft Budget stage, the opening 2014-15 budget of £1.4m will reduce by £1.1m, leaving a net opening 2015-16 budget of £0.4m. This decision will be subject to the outworkings of the public consultation on the full Equality Impact Assessment for this budget.

Youth Council

34. As included at the Draft Budget stage, the opening 2014-15 baseline of £5.1m will reduce by £1m, leaving a opening 2015-16 budget of £4.1m. It is anticipated that the majority of this saving will be realised from administration and support arrangements.

Departmental Administration

35. This involves reduction in staff management and administration costs. As included at the Draft Budget stage, savings of £3m are required from Departmental administration. This reduction of 9% is above the overall 2015-16 Resource Budget funding gap of 5.0%.

Aggregated Schools Budget

36. The Aggregated Schools Budget (ASB) accounts for c£1.1bn of the 2014-15 total DE Resource budget of c£1.9bn (60%). The Minister met with the Finance Minister in November 2011 to reinforce how seriously the Resource budget position was constrained and the direct impact it would have on frontline services. The initial DE 2011-15 Savings Delivery Plan required over £300m of savings to be achieved over the budget period.
37. Following talks convened with the First and Deputy First Ministers the Minister was successful, in January 2012, in securing an additional £120m directly for school budgets, allocated over the remaining three years of the 2011-15 Budget period (£30m: 2012-13; £15m: 2013-14 and £75m: 2014-15). He has further ensured that the £75m allocation in 2014-15, which originally was time-bounded, has now been permanently added to the Education baseline for 2015-16 and beyond.
38. At the Draft Budget stage it was proposed that the ASB be reduced by £78.7m. On Monday 19 January 2015 the Minister announced the allocation of some £80m into the Aggregated Schools Budget in 2015-16. This amount is made up of three elements:
- An allocation of £50m out of the additional £64.9m the Minister secured as part of the Final 2015-16 Budget negotiations;
 - The £10m allocation to the Aggregated Schools Budget in respect of Targeting Social Needs funding that the Minister had included in the Draft Budget 2015-16 Consultation paper as an inescapable pressure; and
 - An allocation of c£20m, from the £35m that he set aside in the Draft Budget 2015-16 Consultation paper as an inescapable pressure, for staff pay and other inflationary pressures.
39. The overall ASB, in cash terms, is marginally higher than 2014-15. However, in real terms, schools will have to factor into their financial planning the annual pay and non pay inflationary pressures, which are unfortunately unfunded in 2015-16. Hence schools must deliver savings of £28.7m in 2015-16, in order to live within their 2015-16 budget allocation.
40. All schools were notified of the overall position on 11 February 2015 and of their individual schools budgets on 25 February 2015.

Assessment of Impacts – Equality and Good Relations

41. The Department is committed to ensuring that it fulfils its duties under Section 75 (1) and (2) of the Northern Ireland Act 1998 in relation to having due regard to the need to promote equality of opportunity and to have regard to desirability of promoting good relations.
42. Tackling educational inequalities and disadvantage is a core priority for the Department and the budget will continue to be deployed in support of this objective. The promotion of equality of opportunity and good relations is also an important part of ongoing policy development, legislative activities and operational programmes. In managing the 2015-16 Savings Delivery Plan, the Department is making every effort to protect front line services whilst cutting out unnecessary administration.
43. The Department has also sought to ensure that the required reductions to its budget are applied as far as possible in a manner that does not disproportionately or adversely affect one age group, or other s75 category, over another.
44. The Department has carried out preliminary high-level screening of the impact of the savings in the 2015-16 Savings Delivery Plan on section 75 groups and they are largely considered to have no or minor impacts. Where necessary, full Equality Impact Assessments have been undertaken. As noted above, the screening reflects the approach taken to ensure that the reductions are not disproportionately or adversely applied and, accordingly, shows that the overall approach of the Department in developing its Budget proposals within the resources made available for education should have a minimal impact in terms of equality of opportunity. This is because, wherever possible, the Department has also taken account of mitigating measures to minimise impact.

DE Final Budget 2015-16: Savings Delivery Plan

Budget	£m	£m
EA Block Grant (including Staff Commission)		£10.0
Earmarked Funding		
Severance Transformation Fund	£10.0	
Contingency fund	£9.2	
Procurement: Goods & Services	£8.0	
Equipment for Capital projects	£7.0	
Meals Nutritional Standards	£4.7	
Pay & Price pressure	£3.7	
SEN Review	£3.4	
Schools Maintenance	£3.0	
Extended Schools	£2.0	
Entitlement Framework	£2.0	
Community Education Initiatives	£2.0	
Curriculum Development	£1.6	
Safeguarding & Behaviour Support	£1.4	
Special Education	£1.4	
Other	£1.0	
		£60.4
Other NDPBs		
CCEA	£2.4	
SEN Review (CPD Literacy Prog)	£1.5	
Third Party Organisations	£0.8	
Pay & Price pressure	£0.7	
Other	£0.8	
		£6.2
Early Years		
Early Years fund	£2.0	
Sure Start	£1.0	
Pay & Price pressure	£0.5	
		£3.5
Youth		
Community Relations	£1.1	
Youth Council	£1.0	
Pay & Price pressure	£0.6	
		£2.7
Departmental Administration		£3.0
Aggregated Schools Budget		£28.7
Total		£114.5