

# Strategic Economic Appraisal of Options for Post-Primary Education

## Executive Summary

### Background

1. We were appointed in July 2001 to undertake a short strategic appraisal of the options considered by the Review Body for the future arrangements for post-primary education in Northern Ireland. Our remit was as follows:
  - To examine the range of strategic options considered by the Review Body;
  - To describe the preferred strategic direction; and
  - To consider and agree with the Review Body a short list of options to be considered in detail.
2. We undertook our work in two broad stages:
  - (a) when we were appointed, a preferred strategic option had already been identified and the first stage of our work was therefore to document how this preferred option had been arrived at, using the standard economic appraisal framework; and
  - (b) in order to assist with the costing of the Review Body's proposals we then developed in consultation with the Review Body a series of delivery sub-options which were evaluated in both monetary and non-monetary terms.

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3. In carrying out this work we were conscious of the following limitations:
- given the confidential nature of the proposals, the work was carried out entirely within the Review Body and no independent assessment or verification was possible; and
  - the appraisal that has been undertaken is strategic in nature and the costings must of necessity be high level and indicative, designed for the purpose of illustrating the potential magnitude of costs arising from the introduction of any new arrangements. If the proposals proceed, a further more detailed appraisal will be required.
4. It is good practice, as recommended by HM Treasury Green Book, to introduce the economic appraisal framework at an early stage of consideration of a new policy proposal. This appraisal should therefore be regarded as an initial strategic appraisal of a major proposed change in government policy for education provision in Northern Ireland. A further more detailed independent appraisal will be required at a later stage if the proposals proceed.

### **Strategic context**

5. The strategic context and the need for the proposed changes in the existing structure of provision of post-primary education are detailed in the main report of the Review Body. The key elements of the strategic context can be summarised as follows:
- research commissioned by the Department of Education has concluded that although there are some benefits associated with the present system of selection for post-primary education, these are outweighed by the negative effects, particularly those associated with the transfer tests;
  - the current selective system would not support the proposed changes to the statutory curriculum which are based on common cores at each Key Stage for all schools;

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- any new structures need to take account of the changing needs of the economy and the strategy for further development of a knowledge intensive economy in Northern Ireland;
- there is currently overall surplus capacity in the post-primary sector in Northern Ireland and a projected decline of approximately 15% of those aged 10-19 over the next 25 years; and
- future arrangements for post-primary education need to take account of equality legislation and government policies for New Targeting Social Need.

6. Furthermore we understand that the Review Body has undertaken an extensive process of public consultation which has provided a strong consensus for change in the current arrangements.

### **Objectives and constraints**

7. As part of its work, the Review Body has developed a Vision for the future of post-primary education, which is as follows:

*An education service that will recognise the individual abilities and needs of all young people, and provide them with high quality education, enables the realisation of their potential, allows them to lead fulfilling lives and to play productive roles in society as persons whose learning and development have been holistic.*

8. Underlying this Vision Statement, the Review Body has also developed a set of twelve 'guiding principles', which are set out in the main body of the Report. For the purpose of the appraisal, we developed with the assistance of the Review Body, a set of objectives and constraints which relate to the strategic context and represent this Vision and these guiding principles. These objectives and constraints are as follows:

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### Objectives:

- To meet **the needs of pupils** and the aspirations of their parents;
- To allow for **parity of esteem, diversity and equality** of opportunity and access;
- To support necessary **changes to the statutory curriculum**;
- To meet the requirements of a **fast-growing and knowledge-intensive economy and the wider community**;
- To meet the development **needs of teachers**; and
- To **retain what is best** of the traditions of our existing school system.

### Constraints \*:

- Any new arrangements must **respect and accommodate** the diverse nature of the Northern Ireland schools system;
- Future arrangements for post-primary education must represent **the most cost effective solution**; and
- Change should be implemented with the **minimum disruption** of the ongoing teaching of pupils.

9. These objectives and constraints have been developed with the agreement of the Review Body and form the basis for the description of the strategic options considered by the Body.

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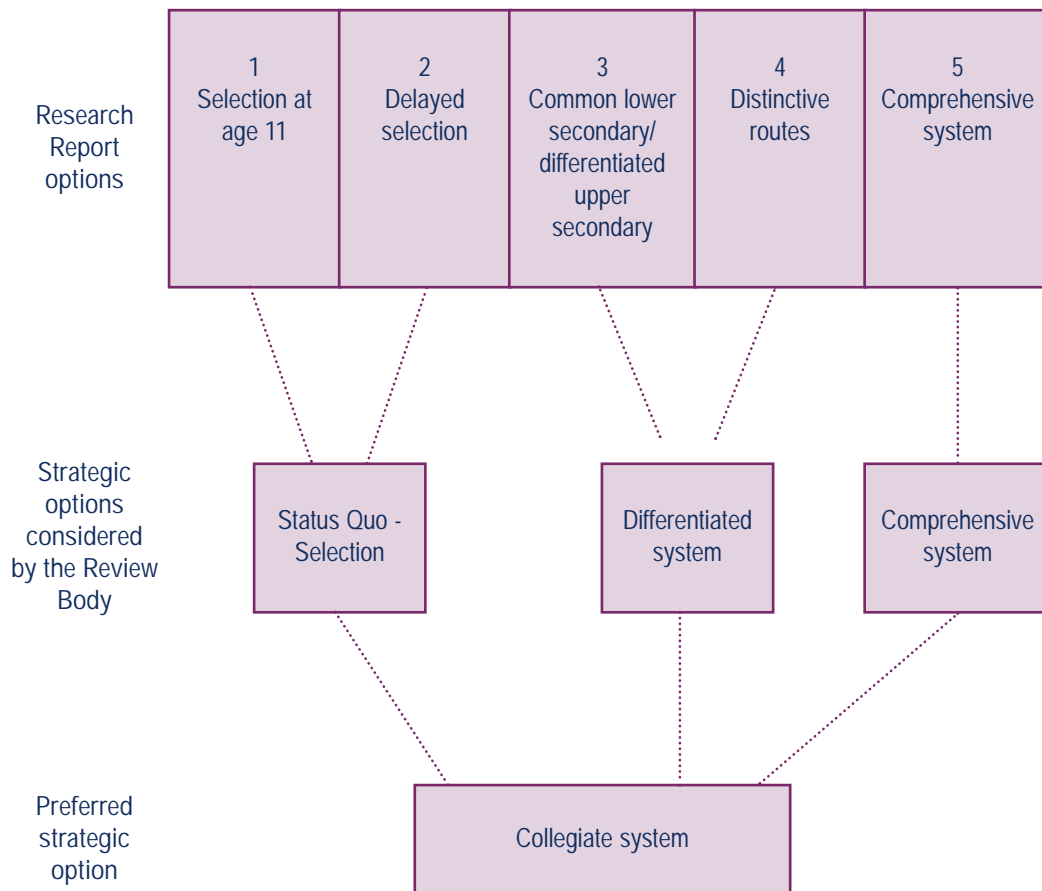
\* *The Review Body considers these to be "assumptions" rather than "constraints" which is the economic appraisal terminology.*

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### Strategic options

10. In the diagram below we have illustrated the way in which the Review Body has considered a range of options before arriving at a preferred strategic option. This report documents the process by which this took place over the last year.

### Process of development of strategic options



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11. The first stage of consideration of strategic options was set out in the **Research Report on the “Effects of the Selective System of Secondary Education in NI”** published in September 2000 (Gallagher and Smith, 2000). The Report concluded that there were five main options for the future organisation of post-primary schools:

- (a) **Selection at age 11** - grammar and secondary schools, with selection at age 11 years, as is the case for most Northern Ireland pupils;
- (b) **Delayed selection** - transfer at 11 years to junior high schools, followed by grammar and secondary schools, with selection at age 14 years, as currently operated in the Craigavon area;
- (c) **Common lower secondary/differentiated upper secondary** - transfer at 11 years to common lower secondary schools followed by academic and technical/vocational schools either at ages 14/15/16 years;
- (d) **Distinctive routes** - transfer at 11 years to either academic or technical/vocational schools; and
- (e) **Comprehensive** - transfer at 11 years to comprehensive schools.

12. The Research Report discussed some of the positive and negative features of each of these options but did not conclude by recommending any single system. Following further consideration of and consultation on the findings of the Research Report, the Review Body found that most school systems could be encompassed within three broad patterns. Consequently the Review Body defined three strategic options for further evaluation, namely:

- (a) **Differentiated system** - Under this system the different needs of pupils would be accommodated through differentiated post-primary schools offering either academic subjects or technical/vocational subjects;

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- (b) **Comprehensive system** - Under this system all pupils would automatically transfer to a designated comprehensive school offering a wide range of curriculum options including vocational, technical and academic subjects; and
- (c) **Status quo** – the current selective system remains as a comparator baseline.

13. The Review Body concluded that there was no compelling case for recommending any of the above strategic options as all the options encourage formal and/or informal competitive relationships between schools which limits the opportunities for many pupils.

14. Given this conclusion the Review Body has developed proposals for implementation of a 'Collegial' system, which they believe will realise the agreed Vision for post-primary education. The main elements of this Collegial system are detailed in the Review Body's report and can be summarised as follows:

- the termination of the selective transfer system;
- the development of a "Pupil Profile" which would indicate the pupil's level of achievement, attitudes to learning, aptitudes and learning needs;
- participation of all post-primary schools in a collaborative arrangement with a group of other schools in one of 20 Collegiates;
- a common broad-based curriculum and assessment framework at Key Stages 1, 2 and 3;
- a smaller core curriculum at Key Stage 4 which would allow schools the flexibility to develop an individual ethos and/or educational identity; and
- access to all 16-19 year olds to full-time education and training which meets the objectives of Curriculum 2000.

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15. The Review Body considers that the Collegial system would provide the structure and opportunity for schools to work together to best serve the educational needs and abilities of all pupils and would also have significant benefits and opportunities for teachers, parents, schools, governors, employers and the wider community. These benefits, which relate to the preferred strategic option and which cannot be delivered by the status quo, are elaborated in full in the main report of the Review Body.

### Delivery sub-options

16. The second stage of the appraisal involved the identification of a series of delivery or implementation sub-options. The Review Body had already determined the number and composition of the proposed Collegiates which were therefore not considered in the context of delivery sub-options. It was agreed that the sub-options for appraisal should be based on different combinations of the **potential functions** of the collegiates. The agreed sub-options are cumulative in terms of the functions of the collegiates and are as follows:

- **Sub-option A – Status quo** – this sub-option is required under the Green Book methodology to provide a base case against which alternative options can be assessed;
- **Delivery sub-option B** – this delivery sub-option involves a strong role in both **curriculum support and teacher training and development**, with light roles in the admissions and transfer arrangements, management and co-ordination of 14-19 provision, and learning support;
- **Delivery sub-option C** – this delivery sub-option involves the functional responsibilities assumed under **sub-option B plus a strong role in admissions and transfer arrangements**;
- **Delivery sub-option D – Strong learning support role** - this delivery sub-option involves the functional responsibilities assumed under **sub-option C plus a strong role in learning support**; and

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- **Delivery sub-option E – Strong 14-19 provision role** - this delivery sub-option involves the functional responsibilities assumed under **sub-option D plus a strong role in 14-19 provision.**

### **Evaluation of sub-options**

17. We have evaluated a number of aspects of these sub-options in line with economic appraisal guidelines, considering both monetary and non-monetary factors. The results of this evaluation are detailed in the subsequent paragraphs.

18. The monetary evaluation consisted of an analysis of the:

- annual revenue cost implications;
- implementation costs;
- capital cost implications; and
- assisted transport implications.

19. Given that this is primarily a strategic option appraisal, the costs are designed to give a broad indication of the possible level of costs associated with the different sub-options. Further, more detailed analysis of these costs will be required at a later stage when the proposals are considered by the Department. The cost estimates used in the analysis were based on currently available information provided to us by the Review Body. Given the confidential nature of the Review Body's role it has not been possible to discuss in any detail, the implications of using these financial data in this way with anyone outside the Review Body. We have therefore not carried out any work in the nature of an independent audit of these figures. The findings of the monetary analysis are detailed in the following paragraphs.

### **Annual revenue cost implications**

20. The analysis of the annual revenue cost implications is based mainly on the transfer of resources to the Collegiates in accordance to the functions

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assumed under each of the delivery sub-options. The majority of the additional expenditure under the Collegial system is required to fund the co-ordination units in each of the 20 Collegiates and the development and co-ordination of pupil profiling. This additional expenditure is partially offset by the savings accruing from the termination of the selective transfer system.

21. For the purpose of costing the appraisal we have made the following assumptions:

- **Curriculum Advisory & Support Services (CASS)** - It is assumed that each of the delivery sub-options will involve the transfer of management of the existing post-primary budget of CASS to the Collegiates for the provision of advisory and support services in relation to the curriculum.
- **Learning support delivery** - For delivery sub-options D and E which involve a strong role in the delivery of learning support, it is assumed that the management of the post-primary element of existing resources for addressing special educational needs will transfer to the Collegiates.
- **Careers guidance provision** - For sub-option E which involves a strong role in 14-19 provision, it is assumed that two-thirds of existing resources will transfer to the Collegiates for the provision of careers education and advice.
- **Co-ordination units** - Each of the delivery sub-options will involve the creation of a co-ordination unit in each of the 20 Collegiates. For the purpose of the appraisal we have assumed that the revenue costs of these units will include the salary of a full-time Collegiate co-ordinator, who will require secretarial support, a resource budget, and funding for administration and accommodation.
- **Pupil profiling co-ordination** - For all delivery sub-options it is assumed for the purpose of the appraisal that additional staff time will be required within each Collegiate to co-ordinate the pupil profiling system.

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- **Direct Transfer Test costs** - It is assumed that the **direct** costs associated with the Transfer Test will be saved with the termination of the selective transfer system in each of the delivery sub-options.

22. A summary of the annual revenue costs is set out in the table below.

### Summary of annual revenue cost implications

REVENUE BUDGETS PER ANNUM (£'000s)	Sub-Option A	Sub-Option B	Sub-Option C	Sub-Option D	Sub-Option E
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#### Budgets managed by Collegiates

CASS	0	9,870	9,870	9,870	9,870
Learning support delivery	0	0	0	7,770	7,770
Careers guidance provision	0	0	0	0	1,830
Co-ordination units	0	2,050	2,360	2,360	2,700
Pupil profiling	0	830	830	830	830
<b>Total Collegiate Budget</b>	<b>0</b>	<b>12,750</b>	<b>13,060</b>	<b>20,830</b>	<b>23,000</b>

#### Resources held in other budgets

Direct Transfer test costs	840	0	0	0	0
CASS (post-primary)	9,870	0	0	0	0
Learning support delivery (post-primary)	7,770	7,770	7,770	0	0
Careers guidance provision	2,750	2,750	2,750	2,750	920
<b>Total Budgets held by other bodies</b>	<b>21,230</b>	<b>10,520</b>	<b>10,520</b>	<b>2,750</b>	<b>920</b>
<b>TOTAL BUDGET</b>	<b>21,230</b>	<b>23,270</b>	<b>23,580</b>	<b>23,580</b>	<b>23,920</b>
<b>Additional cost over status quo</b>	<b>0</b>	<b>2,040</b>	<b>2,350</b>	<b>2,350</b>	<b>2,690</b>

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23. The total amount of resources transferred to the Collegiates increases from £12.7million per annum under delivery sub-option B to £23million per annum under delivery sub-option E as greater responsibility is assumed by the Collegiates. However, the **net additional cost** over the status quo ranges from £2million to £2.7million for sub-options B and E respectively.

### Implementation costs

24. The estimated implementation costs are based on a number of assumptions which were developed in conjunction with the Steering Group. These are as follows:

- The Department would organise the implementation of the new arrangements and the dissemination of information to key stakeholders;
- Implementation would require the development and production of material for advice and guidance, and seminars and publicity;
- Additional resources would be required for the training of teachers in the operation of the pupil profiling system which is discussed in the main report;
- Additional resources would be required for the development of the pupil profiling system during the implementation period and its continuing moderation thereafter.

25. Based on these assumptions, the implementation costs have been estimated to be approximately in the range £1.5 million to £2 million over a 2 to 3 year period.

### Capital Costs

26. There are a number of implications for capital costs associated with the proposals which include the following:

- The provision of accommodation for collegiate co-ordination units which may be an opportunity cost if the accommodation is provided in existing premises;

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- The possible re-organisation of sixth form accommodation within Collegiates, which may require some refurbishment or limited new build;
- A possible re-allocation of current capital investment priorities as a result of review by Collegiates of their requirements; and
- A capital investment programme which may be required to support the proposed changes focusing on those schools in greatest need.

27. Overall, it is difficult to estimate at this point what the potential additional costs of these requirements might be. Based on evidence from the existing Schools Capital Planning Lists and the school building programme, the Review Body considers that up to 60 secondary schools might require capital expenditure in the range of £0.5million to £1million per school, which would give a total requirement of £30million to £60 million at current prices. Some of this may be found from within existing programmes but this gives some indication of the scale of required investment. Any proposals would be subject to a further in-depth appraisal.

28. At the same time the Collegial system offers the potential for some capital savings through the reduction in the number of school types and the overall decline in enrolment numbers, leading to a possible reduction in the overall number of schools.

## **Transport Costs**

29. The Body's proposals in relation to revised criteria for the provision of assisted school transport are set out in the main report of the Review Body. These revised criteria and the reduction in the number of school types will inevitably have implications for the patterns of travel to school and the costs of provision of free school transport.

30. The current cost of assisted transport for post-primary pupils is approximately £25million per annum and almost half of all post-primary pupils benefit. Under the new arrangements there will be some factors pushing these costs up, such as greater parental choice and the development of specialisations within Collegiates in the longer term. However, there will be other factors tending to push costs down, such as the reduction in the number of

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management types and equalising the status and levelling of the performance of schools.

31. Overall it is not possible to conclude exactly what the net effect would be on transport costs without a detailed model of where pupils currently live in relation to their preferred schools.

### **Non-monetary factors**

32. There are a number of non-monetary factors associated with the delivery sub-options including the following:

- **Educational choice** – this was considered to improve as the Collegiates assumed greater functional responsibility and the flexibility to cater for the varying educational needs of pupils. Therefore delivery sub-option E was deemed to offer the broadest degree of educational choice;
- **New Targeting Social Need/equality** – delivery sub-options D and E, under which the Collegiates assume a strong role in the delivery of learning support, have the greater potential to improve targeting of social need and promote greater equality than delivery sub-options B and C;
- **Efficiency of the transfer procedure** - the strong admissions and transfer role assumed by the Collegiates under delivery sub-options C, D, and E is considered likely to improve the efficiency of the transfer procedure relative to delivery sub-option B; and
- **Flexibility/potential for future development** - this was considered to improve as the Collegiates assumed greater operational responsibility for the provision of post-primary education.

33. The acceptability of the Collegiate system to stakeholders, which is often considered under non-monetary assessment and which is clearly important, was not considered as part of this appraisal, as it was not possible to conduct any consultations with other parties given the confidential nature of the Review Body's deliberations. This is clearly important in moving forward with the proposals.

### **Risks and Uncertainties**

34. There are a number of areas of risk and uncertainty in relation to the proposed changes that have been identified as a result of this strategic economic appraisal. These are summarised below:

- **Cost assumptions** – clearly there is a high degree of uncertainty attached to the cost assumptions, given the complexities of the education system, the inherent difficulties identifying the costs attributable to particular functions and the high level and indicative nature of the assumptions used for this appraisal. Further work will be required to establish the detail of costings as these proposals move forward;
- **Deliverability of the benefits** – while considerable work has gone into describing the potential benefits of the new system and some of the implementation and training costs have been identified in the outline costings, delivery of these benefits depends on a number of factors such as the ability of management at all levels to implement the proposals and the practical workability of the transfer system and other elements of the proposals;
- **Timescale** - we understand that a number of the proposed changes may require a period of several years for the full benefits to become evident. This represents a risk to the project in the sense that the costs are likely to be evident sooner than the benefits. There are also issues in relation to the phasing of implementation, which need to be addressed as part of any further work;
- **Participation of the various stakeholders in the proposed arrangements** – given the confidential nature of this appraisal it was not possible to gauge the views of the various stakeholders on the proposed new arrangements. The successful implementation of these proposals will be highly dependent on the willingness of these stakeholders, including teachers, parents, governing bodies and others, to participate fully and effectively in the new structures. At the present time this therefore represents an area of risk for the proposed changes.

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35. A fuller more detailed appraisal would need to consider these areas of risk and uncertainty further and consider ways in which the uncertainty can be reduced, eg, by more detailed costings, and the risks can be managed eg by training for those involved in the implementation.

## **Conclusion**

36. The strategic economic appraisal describes the process by which the Review Body arrived at the preferred strategic option of the proposed Collegial system for post-primary education in Northern Ireland. This is based on the strategic context and the need for change evidenced by the Review Body's research and consultation process. The Review Body has also developed a Vision Statement and a set of Guiding Principles which are used to formulate a statement of objectives and constraints. The benefits of the preferred strategic option have also been elaborated in detail by the Review Body in their main Report.

37. The appraisal then develops and provides estimates of high-level illustrative costs for a range of delivery sub-options, which can be summarised as follows:

- Net additional annual revenue costs of between £2million and £2.7million per annum;
- Implementation costs of between £1.5million and £2million for the first 2-3 years;
- Additional capital costs of between £30million and £60million offset by potential reductions in the overall capital stock of schools; and
- A potential impact on assisted school transport costs which cannot be quantified at the present time.

38. The appraisal also considers some of the non-monetary implications of the delivery sub-options and examines some areas of risk and uncertainty associated with the proposals.

39. This strategic appraisal represents an initial high-level appraisal of the proposals in line with good practice. It is recommended that a further more detailed appraisal of the proposals should be undertaken when they are considered by the Department of Education. This detailed appraisal can build on the initial work and issues identified in this report.