

EDUCATION RESTRUCTURE –  
**PRIMARY SECTOR**



**VALUE FOR MONEY REPORT**

*Final v1.0*





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## **EXECUTIVE SUMMARY**

This Value for Money audit was undertaken on the 'Education Restructure – Primary Sector' reforms put forward by the St Helena Government, Education Department. This was undertaken by the Department to meet the challenge of the severe problems it faced in delivering Primary education across St Helena; particularly in the light of falling school roles, the difficulty in keeping teachers and generally maintaining morale within the profession. This led to a wide consultation exercise and three re-structuring options being identified by the Department. These options were subsequently presented to the Education Committee for consideration. This audit, which was undertaken at the request of the Education Committee, was designed to:

- Provide an independent assessment of the Education Department's financial forecasts of the two main re-structuring options, in particular to establish whether the financial savings forecast under each option were soundly-based; and
- Review the non-financial benefits of each option in addressing the severe problems currently faced in the delivery of education on St Helena, particularly in the deployment of teachers and in the range and quality of education provided.

The aim of the audit was solely to review the financial forecasts and other assumptions made in the Education Department's analysis, to ensure that they presented a reliable platform on which a decision could be made. It is not the role of audit to make recommendations on the options identified, and this report does not do so.

The audit was undertaken between September and November 2006, and focussed on two of the options identified: to re-structure the Primary Sector on the basis of 2 schools (the '2 school' option) or to re-structure on the basis of 3 Primary Schools (the '3 school' option).

In summary, the conclusions of this review were as follows:

- Although there were some differences between the Education Department's figures and those prepared by audit, generally the Department's costings were soundly-based and the forecast cost savings for each option were reliable;
- The Department's identification and calculation of 'one-off' capital costs under the two options were confirmed;
- Additional transport costs would be necessary under the '2 school' option. After taking these into account, the '2 school' option remains financially the more attractive; and
- To achieve the wider benefits, in terms of making better overall use of teachers, providing a better overall pay structure, achieving more acceptable teacher:pupil ratios and widening the variety of courses in the Secondary Sector, realistically only the '2 school' option would deliver these.

## 1. INTRODUCTION

1.1 The Education Department (the Department) has recently undertaken a public consultation exercise on the restructuring of its school system, in particular the rationalisation of its primary school organisation. This was in response to serious demographic constraints facing the education system on St Helena namely:



- Falling school rolls; and
- The loss of experienced and qualified teaching staff.

1.2 Due to the scale of the problems faced, it was clear that maintaining the *status quo* was not a viable option. After extensive analysis the Department identified a preferred option for change, which consisted of rationalising down to two Primary Schools, which would remain 'small' but which would be more educationally and socially viable. This preferred option was put out to public consultation and compared to the current primary setup and a possible rationalising to three Primary Schools. During the public consultation a further option was put forward to the Department of maintaining a Middle School plus three Primary Schools.

1.3 Under the preferred option the Department identified the greater benefits to be gained by other parts of the education system on St Helena. These would be:

- A more streamlined and effective Prince Andrew School, being able to maintain a balanced core curriculum and a reasonable options curriculum;
- An Adult and Vocational Education Service, based in Jamestown; and
- A re-modelled and better motivated workforce.

1.4 When the Department's restructuring options were presented to the Education Committee in April 2006, due to the sensitivity of school closures, the Committee requested that the Saint Helena Audit Service review the assumptions made by the Department in

preparing the proposals, particularly the forecast running cost savings. The review was in addition to the Audit Services overall 2006-07 'Value for Money' audit programme. However, due to the sensitivity and importance of the restructuring, and its high public and political profile, it was considered a high priority.

1.5 Copies of this report are provided to the Chief Education Officer, Chief Secretary, Financial Secretary, the Public Accounts Committee and the St Helena Government Audit Committee. Copies are also available to the general public through the public library or via our website ([www.audit.gov.sh](http://www.audit.gov.sh))

## 2. RESOURCING & SCOPING

2.1 The agreed scope of this review was primarily to check the robustness of the Department's costings of the re-structuring options, compare these with the resources currently being used in the Primary Sector and conclude whether the savings forecast under each option are realistic. The review also looked at whether the predicted non-financial benefits for the Primary Sector and the benefits for other parts of the education system were soundly based.

2.2 The review was intended to review the quality of the costings and other analysis underpinning each of the re-structuring options. It does not comment on, nor make any recommendation about which option should be adopted. Indeed it would be inappropriate for the auditors, at this stage, to do so.

2.3 The review concentrated on the assumptions under-pinning the 'Two School' option, as this was the Department's preferred option (and would result in the largest savings), and the 'Three School' option. Less attention was given to the option that was introduced during public consultation due to costing similarities to the 'Three School's' option. However, any matters arising from our review of the Department's assumptions would read across all three options.

2.4 The review was undertaken by Helena Bennett, Acting VFM Audit Manager,

during the period September 2006 to November 2006. The total cost of this review was £1,400

- 2.5 The assistance given by all staff and third parties involved is acknowledged with appreciation. Full co-operation was received from all parties consulted; these are listed at Appendix B.

### 3. FINDINGS and CONCLUSIONS

#### Estimated Expenditure and Savings

- 3.1 This section summarises the results of the Audit Service's independent analysis of the costings for the current primary school arrangement, the '3 school' option and the '2 school' option.

- 3.2 The costing analysis was based on the actual expenditure of the Education Department for 2005-06 financial year. To cost the '3 school' and '2 school' options, an average per primary school was calculated using the total cost for staffing, supplies and services, property costs and administration costs. The table below shows the total expenditure incurred currently, and savings estimated under the two restructuring options.

	CURRENT	3 PRIMARY SITES		2 PRIMARY SITES	
	Expenditure £	Expenditure £	Savings £	Expenditure £	Savings £
Employee Costs	316,500	320,000	(3,500)	245,000	71,500
Supplies & Services	46,000	23,000	23,000	15,500	30,500
Property Costs	33,000	16,500	16,500	11,000	22,000
Admin Costs	12,500	6,500	6,000	4,000	8,500
<b>TOTAL</b>	<b>408,000</b>	<b>366,000</b>	<b>42,000</b>	<b>275,500</b>	<b>132,500</b>

*Note – The restructure arrangements include the Technical Co-Operation posts of curriculum advisors as they have now transferred to the recurrent budget.*

- 3.3 In costing out the current Primary School arrangements, our figures differ to some extent from those used by the Department. Specifically:

- Employee costs include only direct salary costs; the Department's include various allowances and sabbatical leave costs;
- Under the property cost category, we have proportioned the maintenance/minor works cost by 6 buildings; counting the two buildings used by Pilling Primary and the Department proportioned the cost by 5; counting Pilling Primary as 1 'unit'.

- 3.4 Our calculation of future costs under the two re-structuring options varied from the Department's analysis in the following areas:

- A typographical error in the Department's costings resulted in a £12,000 telecommunication charge being recorded as £17,000;
- A misallocation in the 'supplies and services' cost category between options resulted in the costs for the '3 School' option being under-stated by £8,000, and the costs for the '2 School' option overstated by the same amount; and
- A misallocation in the 'property costs' category, resulting in the utility costs for the '3 School' option being overstated by £500.

- 3.5 The Department's own calculation resulted in slightly higher savings being forecast (an extra £12,000 under the 3 School option; and an extra £14,000 under the '2 School' option). This is due mainly to the variances outlined above. Overall, however, our analysis has confirmed the Department's view that significant savings will result from the '2 school' option and to a lesser extent from the '3 school' option.

- 3.6 There will be, however, certain one-off capital reconstruction costs associated with each option. These are covered later in paragraphs 3.28 to 3.37.

#### Efficiency in use of Staff Resources

- 3.7 This section summarises our assessment of the efficiency of the current staffing structure and the Department's proposed staffing structure under the '2 school' and '3 school' options.

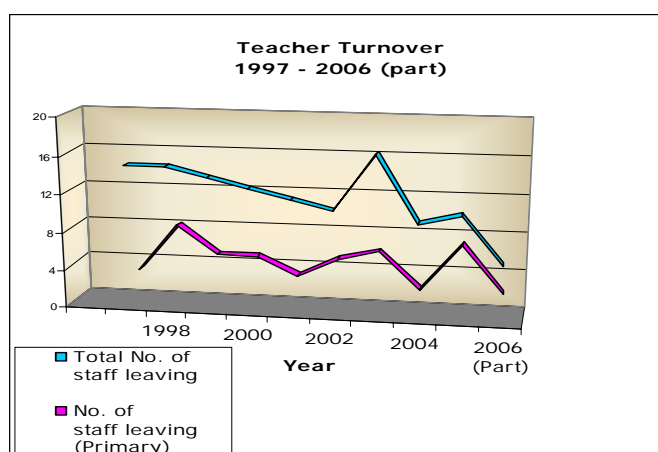
##### Current Arrangement

- 3.8 From our review and from interviews with relevant staff it was evident that, under the current primary school structure, staff are being stretched to their capacity in teaching the national curriculum. Currently there is no slack to accommodate:
- Continuous professional development, either on-Island or overseas;

- Allowance for overseas leave or emergency annual leave other than that within school holidays; and
- Sick leave.

3.9 There are currently unfilled vacancies for class room teachers, specialist teachers and timetable cover teachers within the primary sector. Where possible these are currently being filled by supply teachers (including 2 retired teachers).

3.10 Hence the current workloads and scheme of service do not provide teachers with the necessary incentive to continue in the teaching profession. The graph below shows teacher turnover between 1997 and 2006. In the worst year, 2003, some 16 teachers left the profession.



### 3 Primary Schools

3.11 Under the '3 school' option (which involves the amalgamation of the current Middle and First Schools) the number of staff required will be reduced by 22%, saving some 25% in employee cost as shown in the diagram at paragraph 3.2.

3.12 In our view, this option will only provide scope to fill the current vacancies. It will not provide the slack necessary to address the issues outlined at paragraph 3.8 which are the main reasons behind the high teacher turnover rate.

### 2 Primary Schools

3.13 The proposed '2 school' option will result in a significantly greater reduction in the number of staff needed: 53% by number, and 59% by cost.

3.14 The staff 'saved' from the Primary Sector would re-deploy across the Education Sector. There will be no further need to fill the current vacancies within the Education Department for which there is an allocation in the current budget of £98,000.

3.15 This easing of the staff numbers and the budgetary saving enables the problems at paragraph 3.8 to be addressed and would allow a revised teachers' scheme of service to be developed.

3.16 The Department's proposals on this include:

- Introducing a standard working day for teachers (both Primary and Secondary). This would obviate the need for the teacher allowance currently being paid to teachers working additional hours, saving a further £20,000<sup>1</sup>;
- Using all savings made in employee cost to revise the current salary structure;
- Having salary grade levels competency-based, with re-training and training available to enhance teacher skills and facilitate progression; and
- Providing a clear career path for teachers.

3.17 This review confirms the Department's proposed analysis for the '2 school' option. Current employee costs would decrease by 21%, after taking into account both the staff re-allocations and the revised scheme of service. The Department's projections show that overall there will be a net saving in staff costs at least until the year 2009-10. Also the current pressure points caused by having too few teachers would be removed and there would be the slack to allow teachers the necessary time to train and develop.

<sup>1</sup> Not included in the cost analysis at paragraph 3.2 as this will be subject to: re-structuring taking place, vacant posts being filled and negotiation with teaching staff.

## Quality of Education Provision

### Current Primary Schools

3.18 There are approximately 367 pupils within the primary sector of education, the lowest number of children currently in one primary school being 48 and the highest number of children being 74. On average the teacher: pupil ratio is currently 1:9 (including Head Teachers).

### 3 Primary Schools

3.19 Under the '3 school' option, the amalgamation of Middle and First schools would not significantly affect class size.

3.20 Generally, academic experts and professionals seem to concur that:

- The optimum teacher pupil ratio for Reception and Nursery years is around 1:13; and
- Pupils do better in small class sizes, i.e. of between 16 and 20 children.

3.21 The table below shows the class sizes under the '3 school' option:

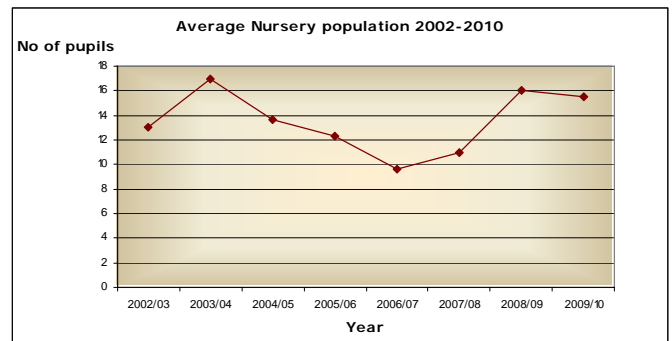
Class	Pilling	Harford	St Pauls
Nursery	7	9	18
Reception	8	13	18
Year 1	16	20	20
Year 2	17	10	10
Year 3	11	15	14
Year 4	19	14	20
Year 5	27	15	22
Year 6	17	15	12
<b>TOTAL</b>	<b>122</b>	<b>111</b>	<b>134</b>

3.22 In nearly 60% of cases the primary classes fall short of the recommended class sizes. The best method of teaching in these circumstances would then be 'vertical group' teaching, where pupils above average would merge with a higher age bracket to increase the class size. From our interviews with primary teachers we established that for most of them who are teaching the National Curriculum, this would not be their preferred method of teaching.

3.23 Whilst the Island is anticipating the construction of an airport, and consequently the return of Islanders who

have previously migrated, it is difficult, with any precision, to forecast whether these returnees would be families, which would increase the class sizes within the primary sector.

3.24 St Helena Development Agency informed us that some 70 enquiries had been received from individuals considering investment in St Helena. 23 of these were potential returnees but there was insufficient information to determine whether or not these represented families. This being the case, the focus has to be on the smaller number of children forecast to enter the primary school system at nursery level, as shown on the graph below. This level would not impact significantly on class sizes.



### 2 Primary Schools

Class	No. of Pupils per School
Nursery	17
Reception	20
Year 1	28
Year 2	19
Year 3	20
Year 4	26
Year 5	32
Year 6	22
<b>TOTAL</b>	<b>184</b>

3.25 Converting to the proposed 2 school increases 50% of the class sizes to the recommended class size of 16-20 (3.20). However, quoting the Overseas Territories Department, DFID Education Advisor, Mark Sinclair, a typical UK class size is approximately 25 pupils. Only 1 year group exceeds this significantly, and may have to be divided to reduce the number of pupils in the class to a more manageable size.

3.26 Further independent research indicates that pupil performance is enhanced more by being taught by well-paid, experienced teachers rather than by reducing class sizes and spending more money on school facilities.

3.27 Overall, this would suggest that in terms of teaching quality, the '2 school' option would be the optimal solution in achieving this.

### Additional Capital costs

#### Current Situation

3.28 Under the current primary school arrangement there are 6 school buildings in use:

- Pilling Primary (Lower), formerly Jamestown First
- Pilling Primary (Upper)
- Half Tree Hollow First
- St Paul's Middle
- Longwood First
- Harford Middle.

#### 3 Primary Schools

3.29 Under the '3 school' option, some work would be necessary to adapt the remaining schools to accommodate the increased number of pupils attending. These have been identified, by the Department as:

- Additional classrooms at Harford Middle (to accommodate children from Longwood), costing approximately £34,000; and
- Enhancements to the current disused primary block at St Paul's Middle requires, costing £6,000.

3.30 We have confirmed the Department's assumptions and estimates that a 'one-off' cost of £40,000 will be required for new buildings and minor works under this option.

#### 2 Primary Schools

3.31 The analysis here is more complex as any two of three schools can be used under this option. The schools available being: Harford, St Paul's and Pilling.

3.32 As under the '3 School' option:

- To use Harford, a 'one off' cost of £34,000 is needed;
- St Paul's would require a 'one off' cost of £6,000

3.33 Pilling however, whilst not requiring building works, would need two buildings maintained per year, involving a total recurring cost of £30,600.

3.34 The Department preferred the option of using Harford and St Paul's, which taking into account the 'one off' capital cost would result in making a year on year saving of £61,500.

3.35 In conclusion, we have verified the accommodation assessment, as calculated by the Department, and can confirm that the 'one-off' capital costs are realistic; and even after taking these into account; overall costs will decrease significantly under both restructuring options.

3.36 However, the following factors need also to be taken into consideration:

- School equipment and material expenditure may not decrease by the amount estimated, as the total number of children being educated will remain the same; and
- The property costs may not decrease by the amount indicated on the savings diagram. At present the school buildings are currently under-used due to the low pupil rolls.

3.37 A summary of the running cost savings, by category, and the 'one-off' capital costs is provided at Appendix A.



## Transport Implications

### Current Arrangements

- 3.38 Currently 66% of Pilling's pupils live outside Jamestown. The furthest they commute from is Longwood and Blue Hill.
- 3.39 There are also a few pupils who travel from their home in Longwood to St Paul's Middle, and from Half Tree Hollow to Harford Middle and Longwood First.

### 3 Primary Schools

- 3.40 Restructuring to the '3 school' option, will require an additional 33 pupils to be transported from Half Tree Hollow to school at St Paul's, at no additional cost.

### 2 Primary Schools

- 3.41 For the '2 school' option, again this situation is more complex, depending on which two schools are chosen. These options, and transport consequences, are:
- Using **Harford** and **Pilling School**, would mean 195 children (all children of the 'west area') requiring transport to Jamestown for schooling at Pilling;
  - Using **St Paul's** and **Pilling School** would mean 162 children needing transport to school. These are 129 from the East commuting to Jamestown, and 33 additional children from Half Tree Hollow requiring transport to St Paul's.
  - Using **Harford** and **St Paul's** school would result in 75 additional children needing transport to school. These are 33 additional children from Half Tree Hollow commuting to St Paul's School, and 42 children from Jamestown commuting to Harford School.
- 3.42 We can confirm that the first two of the additional transport arrangements would require one additional bus to the current school bus fleet. By approaching the Bus Contractor, we established this would be a 'one-off' purchase, of approximately £26,000, plus additional bus service contract and maintenance costs. The third option would not require an additional vehicle; the bus service contract cost

would increase to cover the additional mileage.

- 3.43 The Harford/ St Paul's combination was the Department's preferred option, and an independent source (retired Education Executive Officer for transport) scheduled a proposed bus schedule to transport primary pupils alongside of the secondary students between school and home. This proposed schedule included every child currently being educated by the Department and has shown the earliest a primary child would leave home for school would be 07.40am, which falls within the current school transport policy.
- 3.44 This assessment concluded that the Department's preferred combination (see paragraph 3.42) would be the most effective in minimising the additional transport costs.

## Benefits for the Secondary Education Sector (Prince Andrew School) from Restructuring



### Current Arrangements

- 3.45 Under the current arrangement of the education system, the students of Prince Andrew School (secondary education) are experiencing limited academic and vocational study options, due mainly to teaching staff shortages.
- 3.46 As part of the Department's analysis, feedback was sought from secondary school students. This confirmed that they would like to see more variety in the courses offered. This would help them make a more informed choice of their likely career path.

### 3 Primary Schools

3.47 As confirmed above (paragraphs 3.11 and 3.12) the '3 school' option does not make allowance for teachers to be released from the Primary Sector to become specialised teachers and would not therefore have any impact on the variety of subjects currently on offer within the Secondary Sector.

### 2 Primary Schools

3.48 The Department's vision following the '2 school' option, was for the surplus teachers to re-locate to the Secondary Sector, which under the new scheme of service, would allow for both refresher training and training, thus offering a wider variety of study options for secondary students.

3.49 We agree that such a re-location of staff would be effective in providing the benefits, but is dependent on the willingness of teachers to make a change. The Department is confident that the revised scheme of service would provide the necessary incentives for staff to transfer.

## Benefits for the Adult and Vocational Education Service (AVES) from Restructuring

### Current arrangements

3.50 The newly formed AVES currently operate from the Teachers Education Centre in Jamestown. However AVES's aim is to run all adult training courses on Saint Helena. As a consequence, their priority is to secure sufficient suitable classroom space.



3.51 Also one of AVES's priorities is to ensure that education is accessible to adults both in terms of location and timing.

### 3 Primary Schools

3.52 Under the '3 school' option, by closing Longwood First and Half Tree Hollow First these buildings could be made available

for use by AVES for adult learning in the most densely populated areas.

3.53 The AVES Manager saw particular advantages with the Longwood accommodation, as it would allow participants to be closer to their agricultural or horticultural centres, enabling practical and classroom work to be carried out in the one area.

3.54 Both Longwood and Half Tree Hollow adult learning centres would also save adults having to commute to Francis Plain for evening classes, allowing adult learning to be more accessible to the largest communities.

### 2 Primary Schools

3.55 The benefits in releasing accommodation for AVES under the '3 school' option would also be applicable under the '2 school' option.

3.66 The Department's analysis confirmed that under the '2 school' option, the preferred school for closure would be Pilling Primary. This would release a resourced educational building in Jamestown, where approximately 400 people commute to work daily.

3.67 Although Prince Andrew School was intended to be used for community education:

- It is not always easy for some adults to study alongside students; and
- The student timetable takes priority leaving no room for adults to use its resources during a school day.

3.68 The AVES Manager confirmed to us that a training needs analysis which was carried out during the initiation of an Adult and Vocational Education Service provider confirmed that some adults prefer day-release classes to that of evening.

## Overall Conclusion

3.69 This review confirms that generally the Department has prepared its costings on a fair and consistent basis, and that the savings forecast for both the '2 school' and '3 school' re-structuring options are reliable. In terms of the non-financial benefits, from our review, only the '2

school' option would deliver the benefits in terms of relieving the current pressure on teachers and funding a new pay structure to address some of the key issues (paragraphs 3.13 to 3.17). Although the optimal class size is a matter of considerable debate among experts, the '2 School' option does appear to achieve class sizes that would result in a recognised teacher:pupil ratio and is not inefficient in its use of teachers.

- 3.70 Our review has confirmed the 'one-off' capital costs recognised by the Department, will be required to adapt the schools that will be kept to accommodate additional pupils. These costs need to be deducted from the anticipated savings in

year 1 (paragraphs 3.28 to 3.37). We have also attempted to quantify, in financial terms, the additional transport costs of the '2 school' option (paragraphs 3.38 to 3.44), whilst identifying for the '3 school' option, the additional transport costs would be minimal.

- 3.71 Finally, we have commented on the benefits for the Secondary and Tertiary Education sectors which would result from re-structuring the Primary Sector (paragraphs 3.45 to 3.68).

**APPENDIX A****SUMMARY OF SAVINGS FOR EACH RESTRUCTURING OPTION**

	<b>3 Primary Schools £</b>	<b>2 Primary Schools £</b>		
Employee Cost:				
<i>Savings from restructuring</i>	(3,500)		71,500	
<i>Savings from revising scheme of service – standardising the working day</i>	0		20,000	
Supplies & Services	15,500*		31,000	
Property Costs	11,000*		22,000	
Administration Costs	4,500*		8,500	
Building and Minor Works:		<b>Harford &amp; St Paul's</b>	<b>Harford &amp; Pilling</b>	<b>St Paul's &amp; Pilling</b>
<i>Classrooms at Harford</i>	(34,000)	(34,000)	(34,000)	
<i>Enhancements at St Paul's</i>	(6,000)	(6,000)		(6,000)
Additional building to maintain (if Pilling was chosen)			(15,300)	(15,300)
Bus Contract:				
<i>Additional Bus</i>	0	0	(26,000)	(26,000)
<b>Total Savings for initial restructuring</b>	<b>(12,500)</b>	<b>113,000</b>	<b>77,700</b>	<b>105,700</b>

\* Costing includes 4 buildings ie Pilling Primary, which has already amalgamated and currently operates 2 buildings.

**APPENDIX B****LIST OF PERSONNEL CONSULTED DURING AUDIT**

The assistance given to the Audit Service by all those listed below during the course of the audit is acknowledged with appreciation.

<b>NAME</b>	<b>JOB TITLE</b>	<b>SECTION / AREA</b>
Pamela Lawrence	Chief Education Officer	St Helena Government – Education Department
Dale Bowers	Vocational Education Manager	St Helena Government – Education Department
Catherine Turner	Chairman / Pilling School Parent	Pilling Primary School – Parent Teachers Association
Nicola Young	Member / Pilling School Parent	Pilling Primary School – Parent Teachers Association
Pilling Primary School	Teachers	St Helena Government – Education Department
St Paul's Middle School	Teachers	St Helena Government – Education Department
Half Tree Hollow First School	Teachers	St Helena Government – Education Department
Harford Middle School	Teachers	St Helena Government – Education Department

Note – It was intended to meet with all primary school teachers; however Longwood First School was not interviewed, due to the Education Committee releasing their decision before a meeting could be arranged.

**APPENDIX C****REFERENCE MATERIAL CONSULTED**

- St Helena Government un-audited Outturn Analysis 2005-06
- Teachernet
- Educationet.org
- Back to Office Report, Visit to St Helena, By the OTD DFID Education Advisor, Mark Sinclair October 2005
- The National Literacy Trust – The Times, 23 October 2000 – ‘Research shows class size less important than good teachers’