



PEM PAL Budget Community of Practice (BCoP)

PER CAPITA BUDGETING IN EDUCATION: Learning from the UK Government Experience

April 23-25, 2013

**Hosted by HM Treasury and Department of Education
London, United Kingdom**

The Public Expenditure Management Peer Assisted Learning (PEM PAL) network covers 22 of the 30 World Bank classified European and Central Asia (ECA) countries and regularly brings together practitioners in 'communities of practice' (CoPs). These practitioners discuss and share public financial management reform approaches in the areas of budget, treasury and internal audit (www.pempal.org). For some issues, they request examples from more advanced countries on how their Governments' manage specific reform processes. Key donors to PEM PAL are the World Bank, the Swiss Government's State Secretariat for Economic Affairs (SECO), the Russian Federation and OECD SIGMA.

With the demographic shifts in ECA countries, the number of school-aged children diminished substantially. At the same time, the global economic crisis created significant pressures on public budgets. For the education sector, this resulted in increased attention to efficiency of expenditures and - in particular- to the right-sizing of the education service delivery networks. Many countries in the region are focusing on reorganizing schools by increasing class sizes and closing small school buildings, and reassigning children to schools nearby where feasible. As well, certain countries are streamlining the curriculum by eliminating courses that are not deemed essential. Financing strategies are rapidly changing and per-student financing formulas have been introduced and school autonomy policies are being promoted and implemented. However there is also a renewed interest in sustainable growth and competitiveness so countries are also looking seriously to the skills of their population to foster sustainable growth. Many countries are being assisted through the World Bank's Education Strategy 2020, Learning for All, which is promoting countries to invest early (early childhood development), invest smartly (optimising the service delivery network), and invest for all (furthering skills acquisitions for all not just advantaged to compete in global economy).

The study tour representatives are from ECA countries from **Ministries of Finance** (ie heads of Departments responsible for coordinating and delivering the national budget) and they want to better understand the education sector and reforms so they can adequately provide advice to government on the level of budget allocation appropriate for an education sector. Thus, they are very interested in the United Kingdom's approach to education reform, particular in how the sector is financed. The proposed National Funding Formula and its aim to eliminate funding disparity and ensure equitable and more transparent arrangements is particularly of interest. They are also interested in HM Treasury's management of the budget process and the preparation and planning involved in producing the national budget, given they hold similar responsibilities in their home countries. A visit to the Office for Budget Responsibility (OBR) ¹ has also been arranged, given that similar official independent fiscal watchdogs have been established or are under consideration across the ECA region.

This study tour will assist participants in their current reform programs and the time provided by UK's relevant authorities is greatly appreciated. An indicative agenda is below.

¹ The OBR was created in 2010 to provide independent and authoritative analysis of the UK's public finances. It has four main roles which include: producing forecasts for the economy and public finances; judging progress towards the Government's fiscal targets; assessing the long-term sustainability of the public finances; and scrutinising the Treasury's costing of Budget measures. Source: <http://budgetresponsibility.independent.gov.uk/about-the-obr/what-we-do/>



Day ZERO

Date Monday 22 April

Arrival and registration of BCoP participants

17:30 – 22:00 **PEM PAL Welcome Dinner in the hotel**

DAY ONE

BUDGET PLANNING AND PREPARATION IN UK

Date Tuesday 23 April

Venue: HM Treasury premises

09:00 – 09:05 Welcome from HM Treasury (TBC with HM Treasury)

09:05 – 09:10 Introduction of PEM PAL participants

09:10 – 09:15 Introduction of the Agenda, BCoP Resource Team

09:15 – 11:15

09:15 - 09:30 Introduction to HM Treasury

- Structure
- Functions

09:30 – 11:15 Introduction to Public Spending and Planning in the UK

- Spending Review Process including decision making process (9:30 - 10:00)
- Autumn Statements and Budgets - including the scorecard process and role of the finance bill (10:00 - 10:45)
- Overview of budget and spending review reforms (10:45 - 11:00)

Questions and Answers

11:15 – 11:30 Coffee Break

11:30 – 12:45 Introduction to Public Spending and Planning in the UK continued



- Ongoing spending control (11:30 - 12:00)
- The role of Parliament – voting for expenditure through estimates (12:00 - 12:30)

Questions and Answers

12:45 - 13:00 Group photo

13:00 – 14:00 Lunch with HM Treasury representatives

14:00 – 14:30 **Overview of Policy Development and Decision Making Process**

- Providing policy advice and making recommendations to Ministers
- Working relationship between HMT and Department for Education, Cabinet Office, Parliament, No10 and National Audit Office
- Department of Education/HM Treasury relationship – HM Treasury influence on Policy

14:30 – 15:30 **Case studies from Education**

- SR10 preparation and negotiation process, including role of HMT
- Education funding reform: HMT role, information provided, decision making process

Questions and Answers

15:30 – 16:00 Coffee Break

16:00 - 17:00 **Achievements, challenges and lessons learnt**

Questions and Answers

18:30 – 20:00 Dinner in the hotel



DAY TWO FINANCING THE EDUCATION SECTOR TO ACHIEVE POLICY OBJECTIVES

Date Wednesday 24 April

Venue: DFE room 4.05 A+B Sanctuary Building, Great Smith Street, Westminster, London, SW1P 3BT

09:00 – 09:10 Arrival, Sanctuary Buildings Reception – Collection by Dan DeWitt, International Education Department

09:10 – 09:20 Welcome and Coffee, Victoria White – International Education Division

09:20 – 10:45 Overview of finance reforms in England spanning pre-school to post-16

- How the Department is moving towards a more simplified funding model from a more complex one and how the new funding model will work in practice for state funded schools, academies and colleges

Rachel Morris, Funding Policy Unit
Mike Pettifer, Director of Funding for Academies (TBC)

Questions and Answers

10:45 – 11:00 Coffee Break

11:00 – 12:00 DFE approaches and issues for evaluating policy performance and value for money

Andrew Charlesworth-May, Team leader, Value for Money & Programmes and Projects team

Questions and Answers

12:15 – 13:00 Overview of the Pupil Premium

- This session will cover the essentials of the Pupil Premium Policy which is a targeted funding stream for disadvantaged pupils i.e. those in receipt of Free School Meals to raise their performance

Paul Humfreys, Team Leader, Pupil Premium Team, Closing the Gap Division

Questions and Answers



13:00 - 14:00 Lunch at DFE canteen

14:00 - 17:00 Cultural Program (TBC)

19:00 - 21:30 Dinner in the hotel

DAY THREE HIGHER EDUCATION REFORM AND FINANCING

Date Thursday 25 April

Venue: Department of Business Innovations and Skills, BIS offices, 1 Victoria Street, London, SW1H 0ET

09:30 – 10:30 Reform and financing of higher education in the UK

Gordon McKenzie is the Deputy Director, Higher Education Shape and Structure

Lydia Bradley, Team Leader on Strategic Policy

Questions and Answers

11:30 - 12:30 Wrap-up meeting and planning reporting

12:30 – 13:30 Lunch in the hotel

14:00 – 15:30 Office for Budget Responsibility—providing independent fiscal oversight
20 Victoria Road, London

19:00 – 21:30 Farewell Dinner **outside** the hotel

DAY FOUR

Date Friday 26 April

09:00 – 12:00 Check out and departure