

2019

**The costs and benefits of implementing
the school uniform programme in
Gauteng Province**

STUDENT NAME: MLUNGISI DLAMINI

**CLUSTER: EDUCATION AND OTHER
RELATED DEPARTMENTS**

PROVINCE: GAUTENG

Summary

Wearing the same uniform just like others, even the poor learners feel like they fit in their school community. This reality is happening for many more poor learners because they receive free school uniform from the government through the school uniforms programme that is reaching out to many more poor learners in the province.

The government is channelling multi-million of Rands to the school uniforms programme in each financial year to provide free school uniforms to help poor learners. To afford continuing the programme, the government has to find efficient ways to run this programme. As a result, this review assesses the benefits and costs of the programme and even exploring various options to make this programme reach out to many more poor learners in an affordable way.

Owing to the province's recent forensic investigation carried out to review some of departmental programmes, the Gauteng Department of Social Development was unable to provide information on the school uniforms programme. The information contained in this report is therefore obtained from the publicly available sources.

The assessment of the school uniforms programme in Gauteng has been undertaken using a policy costing model and other analysis tools and documents that are submitted together with this report to support the findings in this report.

DISCLAIMER:

This document is not for quoting or circulation. It was done as part of the NT training exercise on the spending review methodology and is intended for discussion purposes. Further, there were serious data limitations and both the appropriate level of information, and its correctness could not be independently verified.

Contents

1. Introduction	Page 1
2. Policy and Institutional Information	Page 1
3. Programme Chain of Delivery	Page 1
4. Expenditure Observations	Page 2
5. Performance	Page 2
6. Options	Page 3
7. Recommendations	Page 6
8. Action	Page 6
Annexure 1: Logframe	
Annexure 2: Expenditure tables	
Annexure 3: Other analysis and information	

DISCLAIMER:

This document is not for quoting or circulation. It was done as part of the NT training exercise on the spending review methodology and is intended for discussion purposes. Further, there were serious data limitations and both the appropriate level of information, and its correctness could not be independently verified.

1. Introduction

In debates about the benefits of school uniforms, one of the arguments for school uniforms is that the uniform *makes everyone feel like they fit in*. This view somehow aligns with the words of Robert Baden-Powell, who said “The uniform makes for brotherhood, since when universally adopted it covers up all differences of class and country.” The Gauteng Provincial Government and other non-governmental organisations like the Children In Distress Network (“CINDI”) who distribute school uniforms seem to share a view that the inability of poor households to buy school uniforms tends to jeopardise school attendance of their children.

This performance and expenditure review focuses on the school uniforms programme that the Provincial Department of Social Development delivers to eradicate poverty and to address inequality in the society. The programme entails the identified members of the society generating income for their families through sewing of school uniforms that are distributed to poor learners.

The programme commenced in August 2015 when the former MEC for Gauteng Department of Social Development, Ms Faith Mazibuko, signed contracts with more than 300 cooperatives owned by women. This programme forms part of government’s war-on-poverty programmes. The programme works on a principle of “helping those who help others” as it provides economic empowerment to those who participate in the sewing of school uniforms for the learners who cannot afford to buy the uniforms.

The programme plays one of the key roles in Gauteng Province especially because of high rate of immigration of people who are searching for economic opportunities. The understanding of the costs of providing this programme and the benefits derived from the programme could serve as a benchmark for other provinces and the whole country.

2. Policy and Institutional Information

Gauteng Provincial Government was among four provinces that started the rollout of the national government’s programme that would provide needy learners with free school uniforms in March 2009.

The school uniforms programme was part of a plan of the Department of Social Development and the South African Social Security Agency (SASSA) that aimed at providing broader social relief to families affected by poverty. The school uniforms programme is open to learners from schools across the provinces, provided they are assessed by social workers who will determine whether they qualify for the Social Relief of Distress (SRD) programme.

3. Programme Chain of Delivery

The programme starts off with the identification of a need for school uniforms through determining a number of qualifying learners. After drawing up the specifications for the school uniforms and determining the costs of producing the uniforms, the department evaluates the affordability of the costs. A review becomes necessary if the costs are unaffordable. The procurement process follows after the approval of the specifications and projected costs. Prior to 2018/19, the department transferred the budget for school uniforms to non-profit institutions that procured and packaged the school uniform packs. However, the government introduced the supply chain management reforms that require the department to procure the manufacturing input using a competitive bids (tender) approach. The

programme's delivery chain therefore follows the tender approach process of re-engineering the procurement process.

4. Expenditure Observations

The school uniforms programme incurs expenditure relating to staff remuneration, administration fees and the manufacturing costs of school uniforms. The direct input costs, which are the manufacturing costs, form the largest share of total expenditure. The indirect input costs, which are staff costs and administrative fees, form the smallest share of total expenditure. The observed expenditure is commended as it points towards allocative efficiency.

The total expenditure increased from R134.1 million in 2015/16 to R147 million in 2017/18. The expenditure dips to R41.9 million in 2018/19 because the department could not procure the manufacturing input after the government introduced a change in the supply chain management approach. The expenditure recorded in 2018/19 is for overhead costs such as staff costs and payment of accruals from the previous financial year.

5. Performance

The programme achieved a success rate that exceeds 80 percent per annum between 2015/16 and 2017/18 financial years.

Table 1: Comparison of school uniform packs distributed versus targets

Financial Years	2015/16	2016/17	2017/18
Target no. of school uniform packs distributed	136 500	143 325	151 351
Actual no. of school uniform packs distributed	130 474	130 975	134 964
% of actual versus target	96%	91%	89%

The programme reached out to 130 474 poor children in its first financial year in 2015/16. The coverage increased to 130 975 children and to 134 964 children in the next two financial years, respectively. Viewed against the set targets that increased from 136 500 to 143 325 and then to 151 351, the programme reached 96 percent, 91 percent and 89 percent of the targeted children in each financial year respectively.

The budget constraints and other factors limit the ability of the programme to achieve the increasing set targets. The number of children who received the school uniform packs increased at a lower rate than the targeted number of children. Between 2015/16 and 2017/18, the targets increased by 11 percent from 136 500 to 151 351 whilst the number of children who received the school uniform packs increased by 3 percent from 130 474 to 134 964. The main cause being the budget constraints. The timing of distributing the school uniform packs to children also contributes significantly to the unreached number of children. It was identified that distributing the school uniform packs very late after the start of the school year missed some of poor children who had already dropped out of school because of lacking

the school uniforms. The programme therefore distributes the school uniform packs earlier as part of the school readiness initiatives.

The budget constraints also caused a downward revision of the targets after the first financial year of the programme. Although the revised targets were increasing in nominal terms, they were set lower than the original targets. However, this trend reversed as the government intensified the social transformation interventions in the latter part of its term of governance.

Table 2: Revision of targets of school uniform packs distributed

In the financial year...	The set targets for the next 3 years are or were...					
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
2016/17	136 500	144 144	152 216			
2017/18		143 325	151 351	159 827		
% Change		-1%	-1%	-		
2017/18		143 325	151 351	159 827		
2018/19			151 351	159 827	168 617	
% Change			0%	0%	-	
2018/19			151 351	159 827	168 617	
2019/20				311 178	168 617	177 891
% Change				+95%	0%	-

As evident in Table 2 above, the original targets for 2017/18 and 2018/19 that were set during the 2016/17 budgeting cycle reduced by 1 percent when the new targets for those financial years were set during the 2017/18 budgeting cycle. The targets remained unchanged during the 2018/19 budgeting cycle. During the 2019/20 budget cycle, the target for 2019/20 increases by 95% from 159 827 to 311 178. The increase reflects the government's effort to improve service delivery to be in line with the commitments set for the 2014-2019 term of governance. The targets for 2020/21 and 2021/22 serve as the baselines for the next government.

6. Options

The annual achievement rate reduced from 96 percent to 89 percent during the first three financial years of the programme implementation. The number of school uniforms distributed ranged between 130 000 and 135 000 whilst the target numbers ranged between 136 000 and 151 000. The increase in the target numbers from 169 000 to 311 000 in subsequent financial years that are characterized by financial constraints poses a risk of lower annual achievement rates.

There are two policy options considered to make the programme delivery to be more affordable. The first option is the bulk procurement of materials for the school uniforms manufacture directly from

merchant suppliers to lower the input costs. The second option is the reduction of the unit overhead costs incurred in the manufacture of the school uniforms.

Instead of the programme making transfer payments to non-profit institutions that oversee the manufacture and delivery of school uniforms, the department should centrally purchase the materials and distribute them to these non-profit institutions. The economies of scale and the elimination of institutions' mark-ups on purchases should yield savings. These non-profit institutions are left to focus on improving efficiencies in the manufacturing processes. The department may then set a ceiling on the unit overhead costs to reduce the total production costs. The ceiling on the unit overhead costs may be set lower than the current level of unit overhead costs. The ceiling should reduce progressively over the years to allow the non-profit institutions to reorganise their processes to be in line with the developments.

Table 3 below shows that R1,643.47 baseline unit overhead cost in 2018/19 can be reduced by 60% or 50% or 40% or 30%. Using these reduction rates, the unit overhead cost can be as low as R657.39,

which can make each school uniform pack more affordable to the government and therefore distribute more school uniform packs.

Table 3: OPTION 2 - Scenarios for reducing overhead cost incurred in the manufacture of school uniforms

Scenario	Unit overhead costs
Baseline unit overhead costs in 2018/19	R1 643.47
60% reduction in the unit overhead costs	R657.39
50% reduction in the unit overhead costs	R821.74
40% reduction in the unit overhead costs	R986.08
30% reduction in the unit overhead costs	R1 150.43

In turn, the reduced unit overhead cost can yield as much R1.1 billion or 67 percent saving between 2018/19 and 2021/22, if a 60 percent reduction is implemented. A minimum saving of R687.2 million 42 percent or can be expected, if a 30 percent reduction is implemented. As shown in Table 4 below.

Table 4: OPTION 2 - Scenarios for reducing overhead cost incurred in the manufacture of school uniforms

Scenario	Unit overhead costs	Total	Savings	% Saving
Baseline unit overhead costs in 2018/19	R1 643.47	R1 617 874 000		
60% reduction in the unit overhead costs	R657.39	R531 785 998	R1 086 088 002	67%
50% reduction in the unit overhead costs	R821.74	R664 732 498	R953 141 502	59%
40% reduction in the unit overhead costs	R986.08	R797 678 997	R820 195 003	51%
30% reduction in the unit overhead costs	R1 150.43	R930 625 497	R687 248 503	42%

7. Recommendations

It is recommended that the department first assesses the cost structure in non-profit institutions that participate in the school uniforms programme to determine a suitable level of unit overhead cost reduction.

The department may then introduce progressive reductions in the unit overhead cost to allow for the non-profit institutions to revise their business models to align with the department's new approach. This means that the department should start with low reductions and gradually increase the rate cuts to a point that still makes it viable for the non-profit organisations to participate in the programme.

A recommended initial reduction in the unit overhead cost is 30 percent in the first financial year, which may be followed by the next level of 40 percent as stipulated in the table above.

8. Action

The department will finalise the review of the supply chain management process to enable the department to initiate a competitive procurement process (i.e. tender process) for the school uniform process. The outcome of this process will contribute towards the determination of the budget required for the school uniform programme. The department should engage in a change management process to capacitate its staff, the non-profit institutions and other stakeholders that participate in the implementation of the school uniforms programme.