



**Consultation on Putting Pupils First - Reforming the
Common Funding Scheme.**

October 2013

The following questions relate to each of the consultation points on proposals for changes to the current Common Funding Scheme

1. Principles underpinning a Revised Common Funding Scheme

The Common Funding Scheme is already underpinned by a set of guiding principles. The independent review panel recommended that these should be amended slightly, particularly to reflect the Department of Education's focus on sustainable schools as set out in *Schools for the Future: A Policy for Sustainable Schools*.

The Department is proposing to accept the following principles as recommended by the independent review as the guiding principles that will underpin the revised Common Funding Scheme as they are fully in line with the Minister's key policy objectives, in particular raising standards, targeting social need and building a network of strong, sustainable schools. The principles are:

Guiding Principles for the Common Funding Scheme

- *Sustainable schools should be funded according to the relative need of their pupils, and in a way that enables the effects of social disadvantage to be substantially reduced;*
- *Sustainable schools should be funded on a consistent and fair basis, taking full account of the needs of pupils;*
- *The formula should support schools in delivering the curriculum;*
- *The formula should underpin and reinforce wider education policy and objectives; and*
- *The formula should be as transparent and comprehensible as possible and predictable in its outcome.*

Question 1

Do you agree that these are appropriate guiding principles for the Common Funding Scheme?

Yes

No

Not sure

No view

If you wish, please provide comments or reasons to support your answer.

This is a misleading question. Whilst the Ulster Unionist Party supports every individual guiding principle, we are unable to collectively give them our full support as it has become blatantly clear that the Department of Education and the current Sinn Fein Minister are fervently waiting to use and manipulate them to justify their own flawed interpretation of sustainability and what constitutes targeting social need.

We believe all schools should be funded on a fair basis, with a non-discriminatory baseline set for all pupils. Funding for over and above that baseline should not come from a reallocation of other schools delegated funding. This should also not be done at the expense of the majority of others as is currently proposed.

We therefore believe that one of the guiding principles, the second which states that sustainable schools should be funded on a consistent and fair basis, has already been broken. The changes proposed in this consultation are neither consistent nor fair.

Balance of Funding between Primary and Post Primary Schools

2. There has been considerable interest in the balance of funding between primary and post primary schools. The Review panel recommended that this balance should be kept under review.

The Department accepts this recommendation. It notes the independent review panel's comments about the challenges faced by post-primary schools and accepts that, while a case for additional funding to support earlier intervention in early years and primary schools can be made, this should not be at the expense of post-primary schools.

In order to facilitate any future decision to delegate additional levels of funding to primary schools, the Department has developed a Common Funding Scheme that incorporates separate funding formulae: one for primary and nursery schools; and one for post-primary schools, ensuring that the total allocation for each of the phases is retained as close to the current allocation as possible. This will ensure that future funding intended either for primary/nursery schools or for post primary schools can be targeted effectively. Schools should note that their indicative high level budgets are calculated on this two separate formulae basis.

Question 2

Do you support the proposal to facilitate greater targeting of future funding to education policy priorities including early intervention via the creation of two separate formulae, one for primary and nursery and one for post primary schools?

Yes

No

Not sure

No view

If you wish, please provide comments or reasons to support your answer.

Again because of hidden agendas and unintended consequences the Ulster Unionist Party does not support this proposal. This is deeply unfortunate as we agree that it is broadly a good idea and would have, as has been stated, improved the targeting of funding for primary/nursery and post primary schools.

Unfortunately we have no confidence in the Department of Education to administrate split formulae objectively. For instance, we would have concerns that two separate formulae would unfairly encourage the reallocation of funds from one to the other.

We would also fear that respective Education Ministers could abuse the mechanism to enhance one part over the other.

We also believe that funding for early intervention should not be confined unreasonably to the formula.

Targeting Social Need - TSN

3. A key area of focus in the review of the Common Funding Scheme was the need to ensure appropriate targeting of resources to help schools provide support for young people from disadvantaged backgrounds in order to reduce the level of educational underachievement that persists and help break the link between social disadvantage and low educational outcomes.

The review panel recognised that pupils from socially deprived backgrounds have greater obstacles to overcome and that schools need to do more to assist them in breaking this linkage. The review panel recommended that more funding should be targeted at pupils from socially disadvantaged backgrounds.

The panel also recognised that the issues schools face in overcoming barriers created by social deprivation are significantly increased with increasing numbers of children from less affluent backgrounds. It therefore recommended that funding for socio-economic deprivation should be weighted towards schools with significant concentrations of disadvantage to reflect the negative effects of such concentrations.

The Minister has accepted these recommendations and has also signalled his decision to apply the same eligibility criteria for free school meals for both primary and post-primary pupils from September 2014 which is expected to impact positively on around 15,000 post-primary pupils.

The proposed changes to the Common Funding Scheme include several that have a specific focus on Targeting Social Need. This section provides details of, and seeks views on, those changes.

3a Banding of schools according to relative levels of social disadvantage

The independent review panel recommended the introduction of a weighted premium for social disadvantage that operated on the basis of five quintiles, ranging from very low to very high social deprivation. These quintiles, which are set out on page 111 of the independent review report, were as follows:

- Quintile 1: very low social deprivation
- Quintile 2: low social deprivation
- Quintile 3: Average social deprivation
- Quintile 4: High social deprivation
- Quintile 5: Very high social deprivation

The Department accepts the recommendation that weightings should be applied to ensure that schools with the highest proportions of free school meals entitlement among their pupils receive the most support. However, it considers that the three bandings that are part of the existing Common Funding Scheme are capable of delivering the same objective while still ensuring a level of targeted support for schools with average or lower proportions of free school meals entitlement.

Accordingly the Department is proposing to retain the current three bandings which categorise schools as follows:

If you wish, please provide comments or reasons to support your answer.

The Ulster Unionist Party agrees with the principle of specifically targeting social deprivation with additional resources. We therefore welcome the additional £10m for the Aggregated Schools Budget.

We would draw comparison, however, with the ease that this additional funding has been located compared to previous justifiable proposals of which funding was unavailable. We therefore would seek definitive guarantees of this pledged additional money, in addition to being told the source, to the ASB over each of the next three years.

We are also concerned that the Department of Education seem incapable of accounting for the projected ASB over the next three years when it places the same expectation on schools.

In relation to the actual allocation of funding the Ulster Unionist Party believes that it must be accompanied with appropriate accountability processes and used in ways which have a proven track record of success in raising educational attainment.

3c Future funding for social disadvantage

The Minister has indicated that he is likely, in the future and as funds become available, to continue to target additional funds to support pupils entitled to free school meals and, particularly, schools that serve our most disadvantaged communities (as measured by the proportions of pupils enrolled in schools who are entitled to free school meals).

Currently the Common Funding Scheme indicates that the Department will consult where it intends to make changes in the operation of formula factors, including the introduction of new factors or the removal of existing factors.

The Department is signalling its intention to continue to target additional funding that becomes available for delegation to schools specifically towards those factors within the Common Funding Formula which help break the link between social disadvantage and educational underachievement. It proposes therefore to amend the wording in paragraph 1.12 of the current Scheme to make this direction of travel clear and to treat TSN funding in the same way in which the Scheme currently deals with the annual revision of formula cash values/weightings, for example to reflect inflation.

An outcome from this change is that the Department would be able to take decisions to provide additional delegated funding for social disadvantage quickly and without the need to burden schools with additional consultation. For this reason, it wishes to set out its position on targeting funding for social disadvantage via the Common Funding Scheme clearly and to seek the views of schools and others.

Question 3c

Do you accept the rationale for making this change to the Common Funding Scheme to allow more rapid funding responses to support TSN?

Yes

No

Not sure

No view

If you wish, please provide comments or reasons to support your answer.

It is impossible to avoid the fact that when reallocating funding there will be schools that will be hit with a financial reduction. We therefore believe that consultation on any decisions to change delegated funding for social disadvantage is absolutely necessary.

We believe that transparency is needed at all levels of public expenditure and therefore the Department of Education should be no different.

3d Targeting Social Need – Educational Attainment

Within the current Common Funding Scheme, Targeting Social Need has an educational attainment element as well as a social deprivation element. The educational attainment element of TSN recognises the extra support required by pupils performing below the expected level for their age, regardless of social background.

For post primary schools, the measure used is attainment at Key Stage 2 (or Key Stage 3 for Senior High schools). Funding via this factor is designed to assist post primary schools in meeting the educational needs of pupils who transfer into post-primary schools having attained below the expected level for their age. This support recognises that post primary schools face additional challenges in helping these young people achieve to their full potential.

The Department is proposing that this element remains unchanged for post primary schools.

In primary schools funding under this element is currently not linked to actual pupil attainment. Under the current Common Funding Scheme, approximately half of the available funding is allocated using Free Schools Meal Entitlement as an indicator with the other half allocated on a per pupil basis.

Given the very high correlation between social deprivation and educational outcomes the Department is proposing to allocate all this funding under the social deprivation element. The Department has kept the resultant increase in social deprivation funding within the primary school phase.

Question 3d

Do you agree with the proposal that, given the very strong link between social deprivation and educational attainment, funding previously allocated to primary schools under the Educational Attainment element of TSN will in future be allocated using only FSME as an indicator under the social deprivation element of TSN?

Yes

No **X**

Not sure

No view

If Yes, do you agree that this money should be retained within the primary sector?

Yes

No

Not sure

No view

If you wish, please provide comments or reasons to support your answer.

There is an unquestionable correlation between social disadvantage and educational attainment. It is ham-fisted, however, to tie the two issues exclusively to one another. Young people from disadvantaged backgrounds can and do thrive academically whilst those coming from backgrounds with much greater opportunities often do fall below average attainment levels.

The general correlation does need addressed but other Executive Departments must also be prepared to contribute to cross cutting and holistic policies. OFMdfM, DSD, DSSHPS and DEL should all be involved at that level.

We would also again raise our concerns about using FSME as the sole indicator and we would therefore have no confidence in funding previously allocated to primary schools under the Educational Attainment element of TSN in the future being allocated to the deprivation element of TSN using only FSME as a measurement.

3e Increased Accountability for TSN funding

In providing additional funding targeted to mitigate the impact of social disadvantage and its correlation with educational underachievement, the independent review panel highlighted the need to ensure that there was appropriate accountability for the outcomes schools achieved with this additional funding.

The Education Minister has made clear that he is committed to allowing schools the flexibility and freedom to take decisions on how best to use this funding to meet the educational needs of pupils from socially disadvantaged backgrounds. However, he has also signalled the need to ensure robust accountability for the outcomes they deliver for those pupils with this additional funding.

The Department is therefore proposing that all schools that receive significant additional funding via the social disadvantage/TSN factors in the Common Funding Formula will be required, as a condition of drawing down this funding, to provide details of how they plan to use the funding to improve outcomes for pupils and to demonstrate that outcomes have been improved. The Department will be undertaking some further work in the months ahead, and in consultation with school governors and principals, to determine the best means for ensuring an appropriate level of accountability including via the School Development Plan. At this stage, however, the Department would welcome views on the principle of linking additional TSN funding with additional accountability for outcomes.

Question 3e

Do you agree that the Department should link availability of additional TSN funding to accountability at school level for the outcomes achieved by the group of pupils who will attract the additional social deprivation monies?

Yes

No

Not sure

No view

If you wish, please provide comments or reasons to support your answer.

If the Department of Education is willing to learn anything from international education systems, it should be the fact that they devolve as much power and finances as possible to individual schools. We believe schools in Northern Ireland should be granted additional autonomy over their resources and therefore in this case we believe they are best placed as to decide how to most effectively target social need.

We would strongly support linking TSN funding with the ability to demonstrate improving educational outcomes. Whilst this accountability would be welcome, it is important that it does not become onerous for the schools concerned.

3f Additional Social Deprivation Premium for Looked After Children.

There is very strong evidence to show that the educational outcomes for children in care (also referred to as 'Looked After Children') are extremely poor. These children often face multiple barriers to learning.

The independent review panel felt that it was a significant anomaly that this very disadvantaged group of children was not directly supported within the current funding scheme. It proposed that in future Looked After Children should attract a premium through the CFF with the same weighting as that of Traveller and Roma children.

The Department has accepted this recommendation and proposes that each full time pupil designated in the school census as being a 'looked after child' will generate an additional allocation for the school equivalent to 0.5 of the basic AWPU cash value. Part-time pupils will be weighted at 0.25.

Question 3f

Do you agree with the proposal that an additional premium should be included within the Common Funding Formula for Looked After Children?

Yes No Not sure No view

If you wish, please provide comments or reasons to support your answer.

This would be very welcome.

4. Other changes to the Common Funding Scheme

4a Sports and Premises Factor

The independent review panel identified the importance of ensuring that the Common Funding Scheme is designed in a manner that reflects the Education Minister's focus on putting pupils first. Its recommendations included a focus on ensuring that a reformed Common Funding Formula would distribute as much funding as possible according to pupil rather than institutional needs. It recommended that funding currently allocated via both the Sports and Premises factors in the current Common Funding Formula should be allocated purely on a per pupil basis thus increasing the cash value of the Age Weighted Pupil funding.

The Department is proposing to make changes to the Common Funding Scheme that will see these factors removed and the funding that is currently allocated through them reallocated as per pupil funding within each phase.

Question 4a

Do you agree with the proposal that the Sports and Premises factors should be removed from the CFF and the monies previously allocated under these factors be allocated on a per pupil basis within each phase?

Yes No - further information needed Not sure No view

If you wish, please provide comments or reasons to support your answer.

Whilst the Ulster Unionist Party understands why it is preferable to reallocate monies previously allocated under the Sports and Premises factors through the Age Weighted Pupil funding, we would be concerned about the subsequent impact this would have on the promotion and operation of school sports.

We believe that sport and physical education is crucial to the early development of children and young people. There is a significant level of evidence which notes the positive effects of sport and exercise on physical health, growth and development. We would therefore be keen to ensure that the removal of these two factors should in no way be misinterpreted as a reduction in the importance placed on school sports and physical education.

Greater clarity is needed from the Department of Education as to how exactly it would ensure sports would continue to be sufficiently resourced after the removal of these two factors.

4b VAT Factor

Currently, Education and Library Boards can reclaim Value Added Tax (VAT) on behalf of maintained and controlled schools but voluntary grammar (VG) and grant maintained integrated (GMI) schools must pay VAT and are unable to reclaim this. The independent review panel recommended that the Department should explore this issue with HMRC and that, in the interim, voluntary grammar and grant maintained integrated schools should be able to reclaim actual VAT costs from their Funding Authority.

The Department has accepted the need to explore the current anomaly as regards liability for VAT and will be pursuing this with HMRC. In reforming the Common Funding Scheme, it is proposing to accept the wider recommendation and to remove from the Common Funding Formula the funding normally allocated to VG and GMI schools for VAT and, instead, put in place arrangements that will allow for the direct repayment to schools of approved VAT costs, pending the outcome of discussions with HMRC on the appropriateness of their current VAT status. Implementation of this proposal will also be dependent on putting in place appropriate and workable arrangements to meet approved VAT costs outside the formula.

Question 4b

Do you agree that VAT monies should, if possible, be removed from the funding formula and VG and GMI schools be reimbursed directly for approved VAT costs?

Yes

No

Not sure

No view

If you wish, please provide comments or reasons to support your answer.

We believe this proposal to be premature. Before any decision is taken to remove from the funding normally allocated to VG and GMI schools for VAT, appropriate permission and clarification must be received from HMRC.

We would also seek clarification of the administrative expectations which would be passed onto VG and GMI schools under these proposals.

4c Amalgamation Premium

In providing its views on the make up of a reformed Common Funding Formula, the independent review panel recommended that the Formula should include an 'amalgamation premium'. This recommendation was in response to concerns raised by schools and managing authorities about the financial difficulties that some schools face when amalgamating and was also designed to introduce a degree of incentive to facilitate amalgamation as an option to improve the educational experience for pupils attending potentially unsustainable schools.

The Department can see value in such a move but also recognises that the circumstances that apply to individual schools which amalgamate will vary significantly. It may be, therefore, that a formulaic approach to allocating funding to support amalgamation would not be the best approach. We would welcome your views on this aspect.

Additionally, the review panel recommended that any amalgamation premium should be equivalent to approximately £100 per pupil per annum in the first year following amalgamation and should continue, reducing by 20% each year, over a 5 year period from the school year in which the amalgamated school opened. The Department would also be interested to hear schools' views on whether a 5 year period is appropriate.

Questions 4c

Do you support the introduction of an 'amalgamation premium' as proposed by the independent review panel?

Yes No Not sure No view
Are you of the view that such a premium would most appropriately sit within the Common Funding Formula?

Yes No Not sure No view

Would a 5 year period over which tapered funding would be provided, be an appropriate length of time?

Yes No: too long No: too short Not sure No view

If you wish, please provide comments or reasons to support your answers.

At a time when our schools estate is facing significant reform we believe the introduction of an amalgamation premium would be welcome.

We support the proposed tapering.

4d Support for Irish Medium Schools and Units

The independent review panel recognised the additional costs faced by Irish Medium (IM) schools, linked to the provision of resources and curricular development in Irish, and felt that these additional costs should be reflected in funding allocations. It therefore recommended that a premium should be provided for Irish Medium schools within the Formula.

The panel proposed, (see page 114 of the Report), that the current support funding for both primary and post primary Irish Medium units be added to the funding allocated for Irish Medium curricular support, and it further recommended that this combined funding should be allocated as a flat rate per pupil. No distinction was

made between pupils in Irish Medium units or schools or between those in primary or post primary education.

Whilst accepting the need for additional support for Irish Medium education, the Department believes that the current method for supporting IM schools and units, outlined in 3.66 – 3.69 of the current Common Funding Scheme better recognises the differing additional costs inherent in running an IM unit and an IM school as well as the differing costs inherent at different phases of education.

The Department is therefore proposing to retain the current support factors for IM education.

Questions 4d

Do you support the retention of the existing Irish Medium support factors?

Yes

No **X**

Not sure

No view

If you wish, please provide comments or reasons to support your answers.

The Ulster Unionist Party does believe it is appropriate to award any sector undue advantage over any other and therefore we object entirely to the privileged position which Irish Medium Schools currently hold within Northern Ireland.

We do not agree with the retention on the existing Irish Medium support factors.

4e Support for Special Units

The special units factor currently operating within the CFF is designed to support primary and post-primary pupils in special units and not pupils with statements of special educational need in mainstream classes.

Special units are units established within mainstream primary or post primary schools which have been approved by the Department for the purposes of making special educational provision for pupils with statements of special educational needs. Pupils within these units are funded at a lower weighting as the staffing of the unit is similar to that of special schools in that they are dictated not solely by the number and age of pupils but also by the needs of the pupils. Therefore staffing costs for these units are met outside the formula. However schools must ensure that children attending the unit engage as much as possible with other children within the school and schools still have to provide for books, materials, examination fees etc. There may also be administration costs associated with the running of the units.

In recognition of these costs special units are allocated an appropriate lump sum via the Common Funding Formula.

The independent review panel recommended that this lump sum allocation not be retained and the funding previously allocated through it be allocated on a special unit per pupil basis.

The Department is of the view that the needs of pupils in special units are already paramount in determining and allocating staffing and other resources required within the unit and therefore the individual needs of the pupils are already the clear focus. The Department does not believe that removing the special unit support will benefit the children in the unit.

Questions 4e

Do you support the retention of the existing Special Unit support factor?

Yes

No

Not sure

No view

If you wish, please provide comments or reasons to support your answers.

The Ulster Unionist Party fully supports the retention of the existing Special Unit support factor.

5. Financial Management

The independent review panel made a number of recommendations relating to how the Department allocates and monitors funding and accounts for it. It also made reference to school surpluses. The Minister has made clear that money delegated to schools should be spent on improving the outcomes for the children and young people at those schools.

The Department therefore proposes that the processes for monitoring, providing challenge, support and intervening in schools on financial management issues should be closely aligned to the processes in place in relation to school improvement. A financial classification of schools should be developed, together with comprehensive intervention procedures for schools that have excessive deficits and surpluses.

5a Financial Monitoring and Intervention

Question 5a

Do you agree that DE, working with ELBs and other education bodies should develop a revised financial classification system which will include clear guidance on intervention as well as support?

Yes

No

Not sure

No view

If yes, please tell us what requirements you think should be included?

We believe early intervention for schools with large or rapidly growing deficits is absolutely crucial. In the opposite cases of large or growing surpluses, we believe schools should be respectfully asked to account for them. It is important, however, not to penalise such schools or create an impression that careful or prudent budgeting is something to be frowned upon.

Nevertheless any action on surpluses must be done in agreement and full consultation with the school concerned.

5b Earmarked Budgets

The Department has agreed that the number of funded initiatives for schools should be restricted both to minimise administrative costs and effort at centre and within schools and to encourage greater focus and coherence of approach at school level. In future the use of earmarked funding by schools should be effectively monitored; with appropriate interventions should expectations not be met.

An exit strategy for each funded initiative should be developed prior to its implementation, to alleviate the risk that progress achieved during the initiative will be surrendered upon cessation of the funding stream.

In addition, as outlined by the Education Minister in his Statement on the 11 June, the Department will review all current earmarked initiative funding to ensure that earmarked funding is the best approach and that funding would not be better used by being directly delegated to schools via the funding formula.

Question 5b

Do you feel it is appropriate to review how earmarked funding streams are allocated to schools?

Yes No Not sure No view

Do you think there is the correct level of monitoring and intervention by funding authorities?

Yes No Not sure No view

If you wish, please provide comments or reasons to support your answers.

A frequent complaint that the Ulster Unionist Party hears from teachers and headmasters is that demands from the Department of Education to follow an ever increasing list of protocols and initiatives is having a detrimental impact on their ability to spend the required amount of time in the classroom.

We believe is now time that the Department pulls together the multiplicity of initiatives currently in existence, scrap those which are not considered necessary and pool those remaining so that they link together coherently. We therefore warmly support the review to restrict the current number of funded initiatives.

We would suggest that consideration also be given to non-funded initiatives but which entail a subsequent administrative and resource cost.

Special Education

6. Special Education

Many children and young people have special educational needs (SEN). The independent review therefore considered the pros and cons of funding special schools via a funding formula as well as considering the current funding arrangements that support pupils with special educational needs within mainstream schools.

There are challenges associated with adopting a formulaic approach to allocating funding for SEN support when that support is designed to reflect the individual needs of a pupil with special educational needs and will therefore vary from pupil to pupil. The independent review concluded that such funding does not, at this time, lend itself to allocation via a formula. It proposed that, for now, the Department should retain the existing arrangements for funding special schools and pupils with statements of educational needs but that it should include a focus on improving the quality of financial information available for special schools.

Question 6

Do you accept that the arrangements for funding special schools should be kept under review and that enhanced financial information should be available to help governors and senior leadership teams reach fully informed decisions?

Yes

No

Not sure

No view

If you wish, please provide comments or reasons to support your answers.

The Ulster Unionist Party would, for now, continue to support the retention of the existing arrangements for funding special schools and pupils with statements of educational needs.

We do not believe, however, the current administration of statements is anywhere near sufficient and that the current backlogs, delays and errors are totally unacceptable.

It is also difficult to make a decision on this matter for as long as the Department of Education continue to refuse to bring the SEN review to a conclusion.

Question 7

Do you have any further comments on the proposed changes to the Common Funding Scheme?

Hopefully as shown in this consultation response it will be clear that the Ulster Unionist Party is fundamentally opposed to many of the suggested changes to the Common Funding Scheme.

There are a number of other points we would like to make;

- It was wrong and deceptive of the Department to commence this chaotic and incompetent consultation process at the end of June just as schools broke up for the summer break.
- Many of the questions in the consultation documents designed for children and young people were blatantly misleading
- We believe the failure to consider the introduction of a Pupil Bonus Scheme, outside of the Common Funding Scheme, was an unfortunate omission.
- It would appear very little academic and statistical research has been applied during the formation of the changes.