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

June 2013

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Introduction

1. This consultation document sets out proposals from the Department of Education (DE) to reform the current Common Funding Scheme (CFS). It has been informed by the recommendations identified in the Report following the independent review of the Common Funding Scheme carried out by a Review Panel appointed by the Minister. This panel was chaired by Sir Robert Salisbury.
2. Whilst DE is specifically consulting with schools and other education partners views from other organisations/individuals are very welcome. Details of how to send comments and the closing date for consultation are provided later.
3. In June 2012, the Minister appointed an Independent panel to review the Common Funding Scheme. The aim of the review was to ensure the development of a revised Scheme that would be fit for purpose, sufficiently target social needs and would be consistent with, and support, DE policy objectives. The terms of reference given to the review panel were:
 - to ensure that the revised CFS is fit for purpose;
 - to ensure that the Scheme is supportive of the Department's policies;
 - to determine whether existing funding streams that are outside the scheme should be incorporated within it;
 - to ensure that the existing principles of objectivity, equality and transparency are embedded in any revised CFS;
 - to ensure that the scheme sufficiently targets social need; and
 - to complete the review by the end of December 2012.
4. The Report, received in January 2013, contained 29 wide ranging recommendations, the majority of which the Minister has accepted. The Minister set out his detailed response to the recommendations in a statement to the Assembly on 11 June 2013. A copy of this has been provided to all grant-aided

schools. The proposals contained in this consultation documentation reflect the position outlined by the Minister on 11 June.

5. Final changes to the Common Funding Scheme 2014-15 will be made later in the year, with decisions on those changes informed by consultation responses. Those changes will take effect from the new financial year (i.e. April 2014).

The Common Funding Scheme

6. The Education and Libraries (Northern Ireland) Order 2003 (the 2003 Order) sets out the legislative framework for the development and implementation of the Common Funding Scheme.
7. In this document the term “Funding Authority” is used to mean:
 - The Education and Library Board in relation to its responsibility for the funding of controlled and maintained schools in its area; and
 - The Department of Education in relation to voluntary grammar and grant-maintained integrated schools which, under current arrangements, are funded directly.
8. Throughout the document, and unless otherwise stated, references to controlled schools include controlled integrated schools and controlled Irish-medium schools and references to maintained schools include grant-aided Irish-medium schools.
9. The Common Funding Scheme is prepared in consultation with the Local Management of Schools (LMS) Steering Group and includes the arrangements whereby schools, in certain circumstances, can seek resources from funds held centrally by the Funding Authority.
10. All grant-aided schools, other than special schools or schools established in hospitals, will be funded under these arrangements unless the right to a delegated budget has been withdrawn.
11. The Common Funding Scheme sets the over arching framework that outlines how schools are funded under the Common Funding Formula (CFF) and how

they can, in certain circumstances, receive centre support. It is the methodology used to distribute delegated budgets and provide a framework for consistent centre funding and support arrangements, to all grant-aided schools, except Special Schools. The key aim of the Common Funding Scheme and its formula methodology is to underpin and reinforce wider education policy and objectives, and act to support schools in delivering the curriculum.

A link to the current Common Funding Scheme can also be accessed on the Department's website at <http://www.deni.gov.uk/index/schools-and-infrastructure-2/schools-finance/common-funding-section/common-funding-scheme-2013-14.htm>

12. The total sum to be expended by Funding Authorities under the terms of this Scheme will continue to be referred to as the General Schools Budget (GSB). This will be made up of the following constituent parts:

- The Aggregated Schools Budget (ASB) which is the total amount delegated to schools under the LMS Common Funding Formula;
- Resources Held at Centre which are amounts allocated to school budgets other than by means of the common formula; and
- Centrally Held Resources Attributed to Schools which are amounts held by Education & Library Boards for services provided to schools in their area. Some of these services are available to all schools while others are available only to controlled and maintained schools.

Key Elements for Consultation

13. It is important that the basis on which the Department allocates funding that is delegated to schools is transparent, fair and reflects and supports the Department's core strategic objectives.

14. The changes being proposed for the Common Funding Scheme and within it, the Common Funding Formula, are designed to ensure that this is the case.

15. The main areas covered by this consultation include:

- updated guiding principles underpinning the Common Funding Scheme;
- a new approach to the Common Funding Formula which includes a proposal to move to two separate formulae, one for nursery and primary schools and one for post-primary schools;
- a review of the factors that make up the current formula to include a clearer focus on funding pupils not institutions;
- a stronger focus on providing additional support for pupils from socially disadvantaged backgrounds who face particular barriers to achieving to their full potential;
- a proposal to enhance the level of accountability for how schools use that additional support to improve educational outcomes for the pupils it is intended to assist;
- proposals to improve how schools' performance in financial management is classified and for intervention where this is considered necessary; and
- proposals that, for now, retain existing arrangements for funding special schools and pupils with statements of educational needs but that include a focus on improving the quality of financial information available for special schools.

Provision of indicative financial information at school level

16. Indicative information is available on how the proposals on which consultation is taking place would, if implemented in this current financial year, translate into the total ASB budgets that individual schools would have received. Schools can access this by using the appropriate link on the DE website. This indicative detail has been provided to assist schools in their consideration of the consultation proposal. It should be noted that these indicative figures are based on all proposed changes including a split Common Funding Formula, the removal of VAT funding from the formula and an additional £10m targeted at social deprivation.

17. It is very important that schools understand that these figures are, however, **provided for illustrative purposes only**. Actual allocations for the 2014-15 financial year can of course only reflect final decisions following consultation and will reflect other factors too, including the amount available in 2014-15 for the ASB and the precise circumstances that prevail at that point at individual school level (for example pupil enrolment numbers, Free School Meals Entitlement (FSME) etc.) Schools will be provided with further detail on illustrative budget breakdowns over the summer.

Equality of Opportunity and Good Relations

18. Under Section 75 of the NI Act 1998, the Department is required to consider how policy changes can contribute to promoting equality of opportunity and good relations.

19. As part of discharging these opportunities, the Department is currently carrying out an Equality Screening exercise on the proposals set out in this document. The results of that exercise will be published in the coming weeks and, if required, a full Equality Impact Assessment (EQIA) will be completed and consulted on.

Consultation Arrangements

20. In line with our responsibilities under Article 3 of the Education and Libraries (Northern Ireland) Order 2003, the Department and the five Education and Library Boards are consulting with the **Boards of Governors of all** relevant schools on the proposed changes to the Local Management of Schools Common Funding Scheme.

21. The Report's 29 recommendations together with a copy of the Minister's statement, the independent report, and the consultation response form can be accessed via the DE website:- <http://www.deni.gov.uk/index/schools-and-infrastructure-2/schools-finance/common-funding-section/independent-review-of-the-common-funding-scheme.htm> . An online response form will be made available on the DE website over the summer months and a link will be forwarded

to schools to allow them to respond on line. Schools will be issued with a reminder in September 2013.

22. The Department is seeking comments on the proposed changes to the Common Funding Scheme/Common Funding Formula outlined in this documentation. Schools should provide their responses to their appropriate Funding Authority (detailed in Annex B) using the consultation response form. All other responses should be sent directly to CommonFundingImplementationTeam@deni.gov.uk in DE. All responses should be returned **by 18 October 2013**.

23. The Department would like to encourage all schools' Board of Governors and education partners to take the opportunity to participate in this consultation exercise and to let us have your school's views (using the response form) on the proposed changes to the Common Funding Scheme and Common Funding Formula.

24. Views are also welcome from other interested organisations and individuals.

Annex A



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

CONSULTATION RESPONSE FORM

CONSULTATION ON PROPOSED CHANGES TO THE COMMON FUNDING SCHEME

THE LOCAL MANAGEMENT OF SCHOOLS

Name: **Association of Teachers and Lecturers**

Please tick the box that best describes you as a respondent:

School

Parent

Member of the public

Trade Union

Individual teacher

Education/sectoral support body

Other organisation

If Education/sectoral support body/Organisation/Other please specify:

Name of School (*if applicable*):

School Reference Number (*if applicable*): _____

This response form must be used by all consultees to comment on the proposals in the draft Common Funding Scheme.

You are provided with tick box options relating to each of the consultation points on proposals for changes to the current Common Funding Scheme.

Schools should ensure that they include their school name in the box provided to enable analysis of any additional comments by sector, Funding Authority, etc.

Please note that under the current Open Government Code and the Freedom of Information Act 2005, your response to this consultation may be made available, on request, to the public.

Any queries from schools relating to this Response Form should be directed to the relevant Funding Authority. Other consultees can contact the Department directly. All contacts are detailed at the end of this document.

Please note that the closing date for responses is **Friday 18th 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.

While we are in broad agreement with these principles, as they are medium to long term objectives, we need to not forget those schools that have exceptional circumstances that need to be taken into account. In this regard, ATL is fully supportive of the recent GTC (NI) publication “Striking the Right Balance: Towards a framework of School Accountability for the 21st Century.”

Also the definition of ‘sustainable school’ is variable across the system? Is a school ‘sustainable’ based on ‘size’ alone e.g. <105 pupils or is it 84 pupils (according to CCMS) . There are ‘small schools’ criteria, but should we not also give greater definition to ‘high quality educational experience’ to include socially balanced intakes and ‘a wide range of extra-curricular activities’.

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.

Yes it is important that two separate formulae should be used to target funding, and furthermore we agree that two separate pots be created in order that 'money' is not taken from one phase to the detriment of the other phase. The size of the overall 'pot' is important in determining and meeting the needs of pupils.

ATL supports the general principle that "*the more we invest, the earlier, the better.*" And commends the solid research base of Nobel Laureate James J Heckman and the University of Chicago's 'Ounce of Prevention' fund. Heckman's work should be at the heart of DENI's considerations on school funding.

We would stress that more attention needs to be given to how 'money' is split or allocated between nursery and primary areas to ensure a more equitable allocation and bearing in mind the importance of early intervention to optimise the school experience of children.

We would like to see money that becomes available later in the financial year be targeted at frontline services across all phases and we do accept that further consultation is not necessary before the Minister can allocate these monies but we are wary of 'robbing Peter to pay Paul'.

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:

- Band 1: schools with FSME levels up to and including the average level for their phase (nursery, primary or post-primary);
- Band 2: schools with FSME levels above the average but below the midpoint between the average and the highest level for their phase;
- Band 3: schools with FSME levels above the midpoint for their phase.

Question 3a

Do you support the retention of the existing 3 bands for social disadvantage?

Yes No Not sure No view

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

ATL does **not agree** with the retaining the existing 3 bands for social disadvantage in the allocation of available funds.

We are of the view that social disadvantage and education attainment are so inextricably linked that the number of 'bands' should be increased, a minimum of five as suggested in the Report but the greater the number of 'bands' that are identified will ensure that funding can be better targeted.

Stratifying schools by socio-economic intake would surely allocate resources effectively, target social need and calculate value added. ATL would recommend that the Department of Education **use NISRA census information and geographic information system (GIS)** to identify school characteristics and to stratify schools by socio-economic intake to help allocate resources effectively, target social need and calculate value-added.

Free school meals: The use of free school meal (FSM) data is widely prevalent in official estimates of educational disadvantage as well as in educational research reports in the UK. However, while there has been some concern expressed about the measure, there has, to our knowledge, been no systematic test of its appropriateness. Research at Bristol University has tested the use of FSM for appropriateness as a measure, taking into account the dynamics of poverty and the error that can be associated with its application in judging school performance. They found that it is a coarse and unreliable indicator to judge school performance and leads to biased estimates of the effect of poverty on pupils' academic progress. Their findings have raised important policy questions about the quality of indicators used in judging school performance. Using county-wide data to assess the magnitude of error that can be introduced in estimates of the prevalence of economic disadvantage the associated error was found to be large (10%) and was also found to lead to an underestimation of the proportion of children who consistently remain below the income thresholds implied by the FSM-eligibility criteria, by 50%. The research concludes that:

FSM eligibility is not just a coarse indicator of socio-economic of disadvantaged considerably... Moreover, the progress of children from very poor backgrounds early in life could also be overestimated in schools with low FSM take up rates. Finally, and most importantly these findings raise questions about the way progress in schools is 'officially' measured and raises doubts about the trust that is invested in FSM as a reliable indicator of deprivation. It also raises questions about the estimates of school effects based on models where FSM entitlement is used as a measure of disadvantage. This work questions the architecture of accountability which drives the state theory of learning in England (Lauder et al., 2006). Our findings suggest that many schools will confront far greater levels of disadvantage than what is currently measured by FSMs.... It is important not to see the problem of quantifying the poverty related educational disadvantage as just confined to measures such as FSMs (Miles & Evans, 1979). Rather, it can be argued that disadvantaged populations will always be difficult to 'capture' through single catch-all measurements from routinely collected administrative data such as FSMs (Kounali et al, 2012).

Recommendation 21 of the *Independent Review of the Common Funding Scheme* urges that 'ongoing investigation into an alternative, or adjunct measures to Free School Meals should continue' (Salisbury, 2013: ix).

Instead, ATL recommends the New Zealand decile system. New Zealand makes use of a socio-economic 'decile system' which informs school base-lining, value added, resource allocation and other services: Census information is used to place schools into ten deciles. Student addresses are assigned to the smallest Census areas, called mesh-blocks, which contain about 50 households. The mesh-block is examined against five socio-economic factors drawn from census data, including: *parental educational qualifications; parental occupation; household occupancy; household income; and Income support.*

Schools are ranked in relation to every other school for each of the five factors. Each school receives a score according to the percentile that they fall into. The five scores for each school are added together (without any weightings) to give a total. This total gives the overall standing of a school in relation to all other schools in the country, enabling the Ministry to place schools into ten groups, called deciles, each having the same number of schools. A school's decile rating informs resource allocation and other services.

Analogous contextual information– with the exception of household income – is available in Northern Ireland. There are potential linkages here to the recommendations contained in the Salisbury report (2013).

3b Additional funding for social disadvantage

The Education Minister has also indicated his intention to inject an additional £10m into the ASB for the 2014-15 year targeted specifically at social deprivation. This additional funding has been split on a per pupil basis between the nursery/primary CFF and the post primary CFF in recognition that when the same eligibility criteria for FSME are applied to all phases the uptake in claimants is very similar.

The Department proposes that this additional TSN funding should be directed at those schools in the top TSN banding.

Question 3b

Do you support the allocation of this additional TSN funding to provide additional support for those schools in Band 3 that have the highest levels of free school meals entitlement?

Yes, **BUT** No Not sure No view

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

ATL supports in principle the allocation of this additional funding to be directed at those schools in the top TSN banding, but consider movement towards socially balanced pupil intakes as a more effective (and less costly) means of improving performance for those challenged by economic deprivation and social disadvantage.

The impact upon the number of schools in middle bands (Band 2 if current system is retained, or bands 4-7 if ATL proposed decile system is accepted) needs to be monitored and careful consideration be given to the effects this will have in the following year 2015-16 if funding is reduced or withdrawn.

As always if certain schools are being targeted then other school are affected and there needs to be a transition to allow all schools to adjust to the new arrangements.

We would warn once more that money targeting social need is extra funding and not coming from within the system at present.

ATL would also argue that movement towards socially balanced intakes will, in the long run, cost less and have a significantly higher beneficial return. TSN type funding, aimed at the poorest, will need to be sustained and plentiful to have even minimum returns

ATL on social balance

Balanced intakes: It has long been generally accepted academically, if not acted upon by policymakers, that overall school performance improves with balanced intakes. The following is a good summary, although the references are only a small selection of what is available.

Cassen R and Kingdon G (2007) *Tackling Low Educational Achievement* Joseph Rowntree Foundation/LSE concludes: "Our evidence as well as that of the DfES and of other researchers is that disadvantaged students and minority ethnic students are likely to attend worse performing schools. This can affect their performance adversely; it does so particularly for students with special educational needs. Anything which gives schools greater opportunities to select their pupils works to the detriment of the disadvantaged; measures which assist fair selection will help them."

Coldron J, Tanner E, Finch S, Shipton L, Wolstenholme C, Willis B, Demack S and Stiell B (2008) *Secondary School Admissions* London DCSF concludes: "The theoretical benefits of balanced intakes are considerable but the practical problems arising from the complexity of local contexts are great."

Karley K and Bramley G (2005) *Home-ownership, Poverty and Educational Attainment: Individual, School and Neighbourhoods Effects*, Edinburgh, Scottish Executive concludes: "...if children from middle-class backgrounds attend school with predominantly children from the same background they will do less well than if the school has a social mix. The same applies for children from deprived homes who attend school alongside children in similar circumstances."

Sullivan and Whitty (2005) 'Life Chances and Educational Achievement in the UK: A Research and Policy Overview' in '*Maintaining Momentum: promoting social mobility and life chances from early years to adulthood*' Eds Delorenzi, Reed and Robinson London: Institute for Public Policy Research, notes: 'There is consensus that school composition effects are important and that schools with a high proportion of students of low social status or low prior academic ability are at a disadvantage (Coleman 1966, Henderson et al 1978, Mortimore et al 1988, Rutter et al 1979, Smith and Tomlinson 1989, Summers and Wolfe 1977, Thrupp 1995, Willms 1986)...Levacic and Woods (2002) find the concentration of social disadvantage in a school relative to other local schools has a strong impact on GCSE improvement over time. These school composition effects may be due to the influence of peer groups on aspirations and behaviour, or they may be due to other processes, such as schools with low proportions of 'able' students finding it hard to attract good teachers.'

Further references include:

- Coleman, JS (1966) *Equality of Educational Opportunity* (Washington D.C., Government Printing Office)
- Henderson, V., Mieszkowski, P. and Sauvageau, Y. (1978) Peer Group Effects and Education Production Functions, *Journal of Public Economics* 10, pp. 97-106
- Levacic, R. and Woods, P. A. (2002a) Raising School Performance in the League Tables (Part 1): disentangling the effects of social disadvantage, *British Educational Research Journal* 28, 2, pp. 207-26
- Levacic, R. and Woods, P. A. (2002b) Raising School Performance in the League Tables (Part 2): barriers to responsiveness in three disadvantaged schools, *British Educational Research Journal* 28, 2, pp. 227-47
- Mortimore, P., Sammons, P., Stoll, L., Lewis, D. and Ecob, R. (1988) *School Matters* (London., Open Books)

- Rutter, M., Maughan, B., Mortimore, P. and Janet, O. (1979) *Fifteen Thousand Hours* (London., Open Books)
- Smith, D. and Tomlinson, S (1989) *The School Effect:A Study of Multi-Racial Comprehensives* (London, Policy Studies Institute)
- Summers, A. A. and Wolfe, B.L. (1977) Do Schools Make a Difference?, *American Educational Review* 67, pp. 639-52
- Thrupp, M. (1995) The school mix effect: the history of an enduring problem in educational research, policy and practice, *British Journal of Sociology of Education* 16, pp. 183-203
- Willms, J. D. (1986) Social Class Segregation and Its Relationship to Pupils' Examination Results in Scotland, *American Sociological Review* 51, pp. 223-41

See also **Appendix 1** on **External/internal influences on pupil performance:**

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.

ATL accepts the rationale for making changes to the CFS to assist the targeting of TSN. We would, however, argue that the importance of 'social need and underachievement' deserves a more thorough investigation and be identified more clearly by a multivariate analysis rather than the dependence on a single criteria of 'free school meals entitlement' – see ATL 'social balance' alternative to FSM at 3a

Such a criteria is subject to variation from year to year and movement between the bands. At present money through the delegated school budget is for curriculum delivery and is school focussed. We are conscious of the fact that a student's attainment is impacted by a number of forces beyond the school. So we would seek the involvement of a whole host of agencies to be involved with some 'joined up thinking' to tackle 'targeting social need'

It is also the case that, whilst short term TSN funding is desirable, it tends to be nowhere near as effective in improving educational performance than movement towards Socially Balanced Intakes. In short, a very high investment in TSN can make a small difference. Balancing pupil intakes costs nothing in cash, (it may cost a lot, in political capital) but improves performance much more significantly.

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, **but** No Not sure No view

See ATL preference for movement to **socially balanced pupil intakes over targeted TSN** approaches, as set out in 3b

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.

At present the FSME criteria is used in the allocation of funds for educational attainment.

We would stress that given the complexity of 'social need' and the wide variety of factors creating this then the reliance upon this FSME criteria is limited and more thorough research is needed if we are interested in 'outcomes'.

We agree that the 'social deprivation element' of TSN be addressed within the Primary School but if we are interested in being consistent, fair and taking account of the needs of pupils then it is important that we interpret 'social deprivation' in its widest definition.

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.

ATL acknowledges that 'accountability' is necessary – but we have concerns over the narrowness of the criteria being used to measure outcomes. ATL contributed to and support fully the GTC (NI) publication "Striking the Right Balance: Accountability for 21st Century Schools" and would commend this approach to the Department.

In our view the whole picture needs to be considered not just 'attainment measures' – who will set the outcome targets? How will measurement occur? What time frame is being adopted for 'improvement' to be achieved? How is family engagement measured? How is 'behaviour in schools measured'?

How is the impact of these variables on outcomes to be measured?

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.

Yes. Looked After Children is a group that has not been given sufficient attention and we fully agree that they should be given an additional premium in the Common Funding Formula.

Children in Care (LAC) should be identified as 'at risk'/LAC through relevant support agencies working alongside education. Additional monies allocated at this stage, an 'invest to save' measure, may enable them to stay within mainstream schools.

Once a Young person is in Residential Care or in an Intensive Support Unit, Yes, they should receive additional funding to provide appropriate and relevant support.

Parallel to this, the Health Trust should also be allocating additional funds to the "at risk" young person to provide support and guidance to the family – such as mentoring, respite services and Parenting/Guardian programmes, to further enable the Young Person to stay within the family unit (where appropriate) and at mainstream school.

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 Not sure No view

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

ATL is fully supportive of the proposal that funding be allocated on a per pupil basis within each phase.

However, we might add that given that we are facing a 'health' crisis amongst our young people and more needs to be done to ensure that this crisis is given due consideration in funding allocation – bearing in mind that any funding that is allocated should be monitored and sought to actually go towards 'sports' for pupils.

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.

ATL agrees that in the medium term negotiations with Treasury should evolve and achieve VAT exemption for VG/GMI schools

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.

If 'amalgamation' is a new school – then yes an amalgamation premium would be appropriate given that the pupil experience is to be enhanced. However what benefits are there in this premium for those schools that work together under other arrangements such as Federation – how is 'amalgamation' defined?

Bear in mind that in an amalgamation the 'small schools factor' is lost and this must be compensated.

It may be more practical to set the 'premium' outside the formula as a discreet fund – so that it can be more easily managed, targeted and possibly 'ring-fenced', especially when considering SEN pupils and their needs.

Furthermore, given the diverse needs of both schools and pupils it would be inappropriate to maintain a flat rate weighting.

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 Not sure No view

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

In order to achieve the highest educational outcomes further consideration needs to be given in providing sufficient funding is available to Irish Medium settings.

The need is greater in the post primary phase – given that the Irish Medium Factor is different between the phases and between an Irish Medium School and an Irish Medium Unit. There is only one Irish Medium Post Primary School and additional costs are incurred through –

Intensive support needed in KS3 to address a skills deficit.

Additional support for non-statemented SEN pupils

Need for lower PTR to meet Entitlement Framework as collaboration with other schools is limited.

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.

ATL supports the retention of the existing Special Unit support factor as an appropriate measure to meet the needs of the young people in their units.

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?

ATL is of the view that it is extremely important that all money should be spent to improve the outcomes for all young people in the year that funding has been allocated. – Schools with surpluses are not doing this and schools with deficits need measures put in place to help them.

The current system, in assessing surpluses and deficits, identifies an acceptable financial position if the school is within plus or minus 5% or £75k whichever is the lower. This creates problems as a small school with a budget of £100k will have a negative rating if it has a surplus of £6k while a large school with a budget of £2.5m and a surplus of £100k will also have a negative rating even though this is only 4% of budget. So some attention needs to be given as to how surpluses/deficits are measured.

Historic deficits should not be used as an excuse to withhold additional funding. Case by case deficits may need to be looked at to ensure that additional funding goes to the benefits of pupils and not wholly to reduce the historic deficit.

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.

Of course monitoring and intervention is necessary to ensure accountability.

However, the timing in the school year of the allocation of funding needs attention so that budget holders have sufficient time to plan and spend appropriately.

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.

ATL agrees that the existing arrangements should be kept under review so that the outcomes of the SEN and Inclusion Review can be realised. We believe that Special Schools are in a difficult position as the existing budget allocations lack transparency, clarity and consistency. These arrangements must be constantly

reviewed because by the very nature of the 'needs' of special schools there is a compulsion to be able to react and to plan for growth and development within a 3 year School Development Plan. ATL would urge a comprehensive dialogue with Special School Leaders to develop and design a budget allocation that is transparent, equitable and efficient to meet the unique challenges that these schools must face on a daily basis.

Question 7

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

While SEN funding sits outside the CFS, the whole 'statementing' process needs attention to ensure that that supports are in place as soon as a child embarks on its educational journey.

More research needs to be done on the use of FSM as a measure of 'social need'. Also greater uptake of the FSM entitlement is to be encouraged.

In implementing the proposed changes to the CFS a time frame must be established for these changes to be embedded. E.g. a school that loses £15k per year in the new arrangements will lose £45k over 3 years and that equates to a teacher.

Each Funding Authority is consulting directly with its schools, and you should ensure that your Response Form is submitted to the appropriate contact:

SCHOOL TYPE	Funding Authority (contact details below)
Controlled schools – nursery, primary, secondary (including controlled grammar, controlled integrated and Irish-medium)	The appropriate Education & Library Board
Maintained schools – nursery, primary, secondary (including other maintained and Irish-medium)	The appropriate Education & Library Board
Voluntary Grammar schools	Tom Orr, Schools' Finance Team, DE
Grant Maintained Integrated schools	Tom Orr, Schools' Finance Team, DE

Queries on any aspect of this consultation should be directed to the relevant Funding Authority.

Belfast Education & Library Board Angela Evans LMS Management Accountant Phone: 028 90564397 angela.evans@belb.co.uk	North-Eastern Education & Library Board Alan Wilson LMS Officer Phone: 028 25662369 alan.wilson@neelb.org.uk
Southern Education & Library Board Sandra Owens LMS Officer Phone: 028 37512508 Sandra.owens@selb.org	South Eastern Education & Library Board Lisa Cross LMS Officer Phone: 028 90566337 lisa.cross@seelb.org.uk
Western Education & Library Board Sheena McCooley	Department of Education Tom Orr

LMS Unit Phone: 028 82411329 sheena.mccooley@welbni.org	Schools' Finance Team Phone: 028 91279628 Tom.Orr@deni.gov.uk
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Appendix 1

External/internal influences on pupil performance: Academics coming from a variety of directions have similar findings: economists using econometric methods, school improvement research, even the DfES own analysis - again, this does not feed into policy formation - indeed, the logic is that public spending on education would be better directed at other social policy areas.

Martin Johnson, in a chapter in the International handbook of Urban Education (forthcoming) comments:

"School improvement was as much a grass roots movement as a Government policy, but it provided support for two policy themes. First, it supported the contention implied in the earlier reform that autonomous schools could produce better pupil performance. Second, it underpinned the rejection of an apparent determinism which explained pupil failure in terms of social factors, as summed up by the Labour Secretary of State for Education, David Blunkett – 'poverty no excuse'. Whilst fatalism and low expectations were, and possibly remain, a feature of some schools, it seemed by the mid-nineties that the pendulum of rhetoric had swung excessively, leading to the title Schools making a difference: let's be realistic (Thrupp, 1999), and '... improvement methods would make a difference. A little difference.' (Johnson, 1999, p.166) Limitations on the utility of the school improvement model became clear (Mortimore, 1998, MacGilchrist this vol.).

One was the reliance on high quality leadership and management, when there was continuing concern about that quality which led to the establishment of a National College for School Leadership. The second was the recognition that school improvement placed heavy demands on a workforce already feeling overstretched. Thirdly, improvement research corroborated earlier findings (Coleman et al 1966, Hanushek 1992) and showed that 85% of the variation in pupil performance is due to factors external to the school (Teddlie and Reynolds 2000).

Of the remaining 15%, the classroom effect was shown to be the most substantial. This finding coincided with the determination of the Labour Government elected in 1997 to move to the third phase of reform, a programme to develop the teaching force and the quality of pedagogy.

DfES (2004) Statistics of Education: Variation in Pupil Progress 2003 is an important ref since a) it comes from govt b) it uses a huge database of pupil performance which is a by-product of the target/performance system. Forthcoming work by Cassen (LSE) will also analyse nearly half a million individual pupil attainment paths.

It found that prior attainment, gender, FSM and English as an Additional Language accounted for 92% of the variance in later attainment in secondary schools. It states 'some of the unexplained [*i.e.* 8%] variance may represent differences in school effectiveness' - n.b. *may*.