



Northern Ireland
Assembly

Mr Mervyn Storey
Chairperson, Committee for Education

Mr John O'Dowd
Minister for Education
Department of Education
Rathgael House
Balloo Road
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26 April 2013

Our Ref: PMcC/SMcG/509

Dear John

Common Funding Scheme

You wrote to me on 21 January 2013 seeking the Committee's considered response to the report on the independent review of the Common Funding Scheme.

The Committee has studied the report carefully; taken evidence from Sir Robert Salisbury and his team and has undertaken an informal briefing session with key stakeholders. The Committee reviewed all of this evidence at its meeting on 23 April 2013 and agreed that I should write to you setting out its response as indicated below.

1. The need for reform

The Committee noted the panel's assertion that the Common Funding Scheme (CFS) is complex and opaque and that the Common Funding Formula factors are applied inconsistently. The Committee also noted the panel's finding that the CFS doesn't always support Departmental policy and that funding for small primary schools is at a level which is at odds with the relevant policy intention.

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The Committee agreed that it supported the need for reform of the CFS at least insofar as this would enhance the transparency of funding allocations and provide schools with more predictable cash flows.

The Committee was surprised to learn of the very significant variations in per capita funding in primary schools. Members felt that some of the highest funding levels were likely to be associated with strategically important small primary schools. Members therefore sought clarity as to the overall impact of the proposed changes at individual school level and detail in respect of the new Small Schools Policy. The Department advised (6 February 2013) that it could not provide details of the new Small Schools Policy or of the impact of the proposed changes on individual schools. In the absence of this information, the Committee can not at this time comment in detail on the independent panel's recommendations. The Committee did agree to provide high-level comments on certain aspects of the independent panel's report as set out below.

2. Delegation

The Committee considered the panel's recommendations relating to the reform of financial delegation; the tackling of historic deficits; a stronger linkage between the school improvement process and financial management; and the extension of greater financial autonomy to schools with the necessary capacity.

The Committee supported in principle a review of substantial historic deficits – indeed the Committee's Special Adviser had identified a small number of primary school deficits which significantly exceeded the school's annual budget. The Committee felt that without intervention such schools would be classed as being in financial stress for the foreseeable future even though the school management responsible for the deficit may have changed.

Members noted feedback from stakeholders which suggested that the focus on financial management by schools was misplaced and a distraction from schools' primary function – the education of children.

The Committee agreed to seek further information as to how the school improvement process might be more strongly linked to financial management and what the implications for schools might be.

The Committee received submissions from Controlled Grammar schools, during its consideration of the Education Bill, which sought greater autonomy for schools in respect of financial management in line with Voluntary Grammars and Grant Maintained Integrated schools. The Committee supported in principle the extension of greater financial autonomy for those schools which sought it and which had the necessary capacity.

3. Procurement

The Committee agreed to support the panel's recommendation that the Department provide legal clarity in respect of procurement practices in schools.

In line with its position on enhanced financial delegation, the Committee agreed to support the panel's recommendation that all schools should have more procurement options for low cost / low risk purchases. The Committee felt that guidance to schools on procurement should therefore seek to balance support for best value with reduced bureaucracy and support for local businesses.

The Committee also felt that the Department should explore options for new procurement practices which would improve sharing between schools.

4. Central and Earmarked Funding

The Committee noted the panel's recommendations that there should be no increase in the delegation of funds to schools but that earmarked funding should be monitored and that no new funding stream commenced without an associated exit strategy. The Committee also noted the panel's suggestion that current funding practices wrongly support unsustainable 6th forms in small post-primary schools.

The Committee welcomed the proposals for monitoring and for exit plans for earmarked funding streams. The Committee disputed the argument that further delegation to schools was necessarily always less efficient than more central control

of funds. The Committee believed that monitoring should continue of the delegation of funding to schools and that the Department should seek to develop meaningful comparisons with other jurisdictions in this regard.

The Committee welcomed your announcement of extended funding for the Entitlement Framework in line with the panel's recommendation.

Members disputed the panel's blanket assertion that small 6th forms in post-primary schools were invariably unsustainable. Indeed Members were concerned by the significant proposed financial changes for small post-primaries (average budget reduction of over £100k pa.) As indicated above, Members therefore sought clarity as to the overall impact of the proposed changes at individual school level including small post-primary schools. As also indicated above, the Department advised that it could not provide details of the impact of the proposed changes on individual schools. In the absence of this information, the Committee can not at this time comment in detail on the relevant recommendation.

5. Primary and post-primary funding

The Committee noted the imbalance of funding between primary and post-primary schools as compared with other jurisdictions. The Committee also noted that stakeholders were wary of a wholesale realignment of funding which might be to the detriment of post-primary schools.

Members felt that Early Years education and primary schools should receive enhanced financial support. The Committee therefore indicated that it supported an increase of the delegation of funding to all schools and more efficient management by the Department, the savings from which would fund more support for primary schools and Early Years education.

6. Closing the Performance Gap

The Committee noted the panel's recommendation that funding should be targeted at socially disadvantaged pupils and schools with a high proportion of such pupils. The Committee also noted the suggested use of Ever FSME as a better means of targeting socio-economic disadvantage.

During its deliberations on this matter, Members noted some suggestions from stakeholders that the CFS should be used to support teaching quality and that education funding should not be used to attempt to effect social change. Other stakeholders strongly argued for the targeting of funding in line with underachievement which generally follows patterns of socio-economic deprivation.

The Committee agreed that it supported in principle targeted help for socio-economically deprived children through the CFS. However the Committee agreed that additional funding should not be subject to a rigid framework which fails to address hard-to-reach groups including those experiencing rural poverty or those living outside deprived wards.

The Committee also felt that the choice of indicator of socio-economic deprivation might have a very significant effect on school funding. The Committee agreed that further study on the suitability of indicators was required.

The panel's proposed changes are designed to have a significant impact on schools. As above, Members require clarity as to the overall impact of the proposed changes at individual school level. As also indicated above, the Department advised that it could not provide details of the impact of the proposed changes on individual schools. In the absence of this information, the Committee can not at this time comment in detail on the relevant recommendation.

7. SEN / Special Schools

The Committee considered the panel's recommendation that SEN funding be ring-fenced and based on collective need in a school rather than individual need. The Committee noted opposition from stakeholders who suggested that neither the panel nor the Department had made the case for this change. Stakeholders were wary of the recommendation and argued that it would bring no benefit to schools or children with SEN.

The Committee agreed that it would need to understand the rationale and ramifications associated with the ringfencing and collective need proposals before it could give a considered opinion. If the Department is to take these proposals forward, the Committee therefore requires further information and explanation.

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The Committee agreed to support in principle those recommendations relating to the development of consistent financial management processes for Special Schools and for a review of the funding arrangements for Alternative Education Providers.

8. Pupil numbers – small schools

The Committee considered the panel's recommendation that the CFS be simplified with a number of the factors being removed and replaced with pupil numbers. Members noted with interest proposals for a new social deprivation factor; the removal of the small schools factor and the introduction of an optional payment for (presumably fewer) "strategically important small schools".

The Committee took the view that in the absence of a full outworking of the revised scheme – which shows the proposed change in funding for every school in Northern Ireland – and in the absence of any detail on the new Small Schools Policy, it can not confirm its support for the new CFS and in particular the new arrangements for small schools.

9. Other Matters

The Committee agreed to support the recommendation that DE should investigate the potential for certain schools to reclaim VAT.

The Committee endorsed the recommendation for more peer support for teachers.

The Committee agreed to oppose the recommendation relating to the restriction of free Home to School transport. The Committee recognised high associated costs and inconsistency of approach between ELBs in respect of Home to School transport. The Committee therefore called for enhanced efficiency of delivery of Home to School transport services and the consequent lowering of costs.

The Committee agreed to support in principle the panel's recommendation in respect of an area planning process for 6th form places involving schools and FE colleges.

Members indicated that the CFS was complex and that the proposed changes would be wide-ranging and significant. The Committee agreed to request further advice

from the Department – perhaps in the form of an informal workshop – on the queries set out above and the ramifications of the proposed changes to the CFS.

I am given to understand that you intend to make a Ministerial statement on the review of the CFS shortly. I look forward to further engagement between the Committee and the Department on these important matters.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Mervyn Storey', with a long, sweeping underline.

Mr Mervyn Storey MLA
Chairperson, Committee for Education