

# CONSULTATION DOCUMENT

## PROPOSALS FOR CHANGES TO LMS COMMON FUNDING FORMULA ARRANGEMENTS FOR 2009/10

The proposals for change being consulted on are:

- 1. Primary AWPUs weighting** - an increase in the primary-age pupil AWPUs weighting from the current weighting of 1.04 to 1.05;
- 2. Foundation Stage** - the introduction of a new factor, distributing delegated funding to support primary schools in the delivery of the Foundation Stage of the primary curriculum;
- 3. Primary Principals' Release Time\*** – the introduction of a new factor to distribute additional resources to help ensure that at least two days per week release from teaching duties is available for Principals of smaller primary schools.

*\* If it is determined that this funding factor is introduced, an adjustment will be required to the current operation of the Small Schools' Support factor for primary schools. In either event, no change is being proposed to the current formula funding arrangements in relation to the Small Schools' Support factor for post-primary schools.*

## Proposed changes to the Common Funding Formula: 2009/10

The following provides a background to the current funding arrangements, together with an outline summary of the proposed changes and intended outcomes. Further illustrative funding outcomes for each proposal and associated examples are contained in Annex A.

### **1. Age Weighted Pupil Units (AWPU) Factor**

#### Current funding arrangements and background

- 1.1 The change being proposed reflects the Ministerial commitment, outlined at the time of the 2008/09 schools budgets announcement, to uplift the relative share of funding for primary pupils, by increasing the primary AWPU weighting progressively to 1.05 in 2009/10 and 1.06 in 2010/11 without impacting adversely on the relative funding shares for nursery and post-primary schools.
- 1.2 It should be noted that an additional £3m has been secured by the Department of Education in the current education budget baselines for inclusion within the Aggregated Schools Budget that will be distributed to schools through the Common Funding Formula in 2009/10. This additional funding will allow for an uplift in the primary AWPU weighting of 0.01 without creating an adverse impact on the relative funding shares for the other phases of education.

#### Objective of the proposed change

- 1.3 An increase in the relative AWPU weighting applied to primary school pupils should:
  - increase the relative share of funding distributed to primary schools under the funding formula arrangements; and
  - continue to decrease the relative differential in (average, per pupil) funding levels between primary and post-primary school pupils.

#### Summary Assessment

- 1.4 The following assessment of a potential increase in the AWPU weighting for primary pupils to 1.05 is for **illustration only** and is based on current pupil data and school profiles used for funding purposes in 2008/09.

- 1.5 The AWPU cash value is determined by dividing the total number of AWPU's across all schools (that is the number of pupils across all schools multiplied by the various AWPU weightings that apply to pupils in each age range) into the amount remaining in the Aggregated Schools Budget after amounts allocated to schools under all other non-AWPU related factors have been deducted.
- 1.6 Each school's AWPU funding is calculated by multiplying the total number of AWPU's generated by the pupils in the school, by the AWPU cash value – which in 2008/09 is £1,966.16
- 1.7 If an AWPU weighting of 1.05 had been applied to primary-age pupils in 2008/09 then the AWPU cash value would have been deflated, as there would have been more AWPU's to divide into the same amount of available funding.
- 1.8 A notional increased AWPU weighting of 1.05 for primary pupils would have meant an additional 1,551 AWPU units, i.e. the total number of primary pupils multiplied by the notional increase of 0.01; and a corresponding reduction of - £6.84 in the AWPU cash value used to distribute AWPU funding for all pupils as illustrated below.

| Impact on AWPU's | Total AWPU's – based on Actual primary AWPU weighting of 1.04 | Notional Totals based on primary AWPU weighting of 1.05 | Variance in total weighted AWPU's | %     |
|------------------|---|---|-----------------------------------|-------|
| Total AWPU's     | 444,512   | 446,063   | 1,551                             | 0.35% |

|                                 |           |
|---------------------------------|-----------|
| <b>Actual</b> AWPU cash value   | £1,966.16 |
| <b>Notional</b> AWPU cash Value | £1,959.32 |
| Change                          | - £6.84   |
|                                 | -0.35%    |

- 1.9 Each primary-age pupil would therefore have had a higher AWPU weighting (1.05) applied to a lower AWPU cash value (£1,959.32) with the net result that each primary-age pupil would have received approximately £12.49 more had this proposal been applied in 2008/09 as illustrated below.

| <u>AWPU funding</u> | <b>Actual</b> 2008/09 Primary AWPU 1.04 x £1,966.16 | <b>Notional outcome</b> Primary AWPU 1.05 x £1,959.32 | Difference | %     |
|---------------------|---|---|------------|-------|
| Primary Pupil       | £2,044.80   | £2,057.29   | £12.49     | 0.61% |

### Impact on the other phases of education

1.10 The modelled outcomes, against 2008/09 data, show that – due to the decreased AWPU cash value – such a change would have reduced the funding shares distributed to nursery schools and post-primary schools by around -0.3%.

1.11 The funding required, against 2008/09 data, to restore the AWPU cash value would have been:

446,063 AWPUUs x £6.84 (amount to restore existing AWPU cash value) = £3.05m

1.12 However as noted earlier, additional funds of £3m have been secured by DE in the current education budget baselines, to allow for this uplift in the primary AWPU weighting without impacting adversely on the relative funding shares for the other phases of education, whilst at the same time enabling the primary-age pupils to receive the full allocation of funding generated by the higher AWPU weighting times the ‘restored’ AWPU cash value.

1.13 In broad terms, therefore, a higher primary weighting of 1.05 alongside the additional funding would have distributed around £20 more per primary pupil (2008/09 data).

| <u>AWPU funding</u> | <b>Actual</b> 2008/09<br>Primary AWPU<br>1.04 x<br>£1,966.16 | <b>Notional outcome<br/>(£3m additional)</b><br>Primary AWPU<br>1.05 x<br>£1,966.16 | Difference | %     |
|---------------------|--|---|------------|-------|
| Primary Pupil       | £2,044.80  | £2,064.46   | £19.66     | 0.96% |

### Proposal

Schools are asked to provide their views on the proposal that the AWPU weighting for primary school pupils should be increased to 1.05.

Further information on the proposal and illustrative outcomes are shown at Annex A.

## **2. Foundation Stage Factor**

### Current funding arrangements and background

- 2.1 Alongside CFF funding for schools, additional allocations have previously been made available to primary schools under a series of programme funds such as the Making A Good Start (MAGS) initiative, the Enriched Curriculum pilot programme, and in the current financial year 2008/09, Foundation Stage support for the primary curriculum. These additional resources have supported the provision of classroom assistance with an element of classroom resources. In 2008/09 these programmes distributed around £17.5m to primary schools – outside of the delegated LMS formula funding arrangements.
- 2.2 The levels of funding distributed at individual school level in 2008/09 under the various programmes above varied (from around £9,600 to £72,000).
- 2.3 As the Foundation Stage curriculum now applies in full from the 2008-09 school year and will continue to be an integral and ongoing part of primary school provision, it is proposed that a new factor should be introduced within the Common Funding Formula (CFF), called the Foundation Stage Factor. This factor will support primary schools with the delivery of the Foundation Stage of the primary curriculum.

### Objective of the proposed change

- 2.4 The inclusion of this funding within the CFF will provide primary schools with increased budgets, from within which they will have the flexibility to allocate funding to ensure that they deliver the Foundation Stage of the primary curriculum effectively, including through classroom assistance and classroom resources as appropriate. Under this proposal, all Foundation Stage funding would be distributed directly to primary schools under delegated formula funding arrangements by applying a minimum lump sum allocation to eligible primary schools, with an additional amount for each P1 and/or P2 pupil above a particular pupil threshold figure. The minimum sum is to ensure that smaller schools receive meaningful levels of funding to support them in the delivery of the Foundation Stage of the primary curriculum.

### Summary Assessment

- 2.5 The introduction of a Foundation Stage factor within the formula will seek to distribute funding in a way which is broadly consistent with the 2008/09 funding allocations. However, as the current funding mechanisms are largely based on a band methodology, this in itself can create variations between schools with only moderately different pupil numbers.

Additionally, not all schools received the Making A Good Start funding for primary 2 year groups (around 1/3<sup>rd</sup> of schools only received varying funds under the previous programme). Funding distributed under the new factor is therefore likely to create some budgetary changes at individual school level – however, in the main these changes will reflect an increase, and the aim is to minimise any decrease where possible.

- 2.6 Budgets currently set for MAGS/Foundation Stage funding are set to rise from the current level of around £17.5m in 2008/09 to £22.2m in 2009/10.
- 2.7 It is proposed that in distributing this budget in 2009/10, a minimum lump sum of £12,000 would be allocated to schools with a combined primary 1 and primary 2 pupil enrolment of 10 or less, with an additional £346 per pupil for each pupil above 10.
- 2.8 For illustration purposes, the table below sets out the projected funding for various pupil ranges, using a minimum lump sum allocation of £12,000 and a minimum threshold of 10 pupils:

Illustrative funding levels

| Combined P1 & P2 enrolments | Funding £ |
|-----------------------------|-----------|
| 10                          | 12,000    |
| 20                          | 15,463    |
| 30                          | 18,926    |
| 40                          | 22,390    |
| 50                          | 25,853    |
| 60                          | 29,316    |
| 80                          | 36,242    |
| 100                         | 43,169    |
| 120                         | 50,095    |
| 140                         | 57,022    |
| 160                         | 63,948    |

Minimum £12k for 10 pupils or less  
Amount per pupil above 10 = £346.32

Proposal

**Schools are asked to provide their views on the proposal that a new Foundation Stage factor should be included in the Common Funding Formula to distribute resources to support primary schools in the delivery of the Foundation Stage of the primary curriculum:** with a minimum allocation of £12,000 for eligible primary schools (for combined primary 1 and 2 enrolments up to 10 pupils) and a per pupil amount thereafter for each primary Y1 & Y2 pupil above 10.

Further information on the proposal and illustrative outcomes are shown at Annex A.

### **3. Primary Principals' Release Time Factor**

#### Current funding arrangements and background

- 3.1 In recognition of the particular pressures facing primary school teaching Principals, the Minister announced in February 2008 the Department's commitment of almost £12 million over the Budget period to help ensure that at least two days per week release from teaching duties is available for Principals of smaller primary schools from September 2008. This release from classroom duties will allow Principals to concentrate on their leadership, management and administrative duties.
- 3.2 Provision currently exists through the Small Schools' Support Factor within the Common Funding Formula to facilitate the release of Principals of smaller primary schools from class contact for one day per week – Section 3.34 of the Common Funding Scheme refers. The additional resources made available from September 2008 will provide for an extra day release for these Principals, helping to ensure that they have at least two days per week free from class contact.
- 3.3 In the current financial year 2008/09 around £2.5m was distributed to smaller primary schools outside of the delegated LMS formula funding arrangements, covering the period from September 2008 to March 2009 (Circular Number 2008/17 refers).
- 3.4 Funding was distributed on a sliding scale, whereby primary schools with up to 100 pupils received the maximum amount available of around £4,508, with this allocation reduced by approximately -£22.54 for each pupil above 100, to zero for schools with 300 or more primary year group pupils.
- 3.5 Consideration is now being given to the mainstreaming of this funding within the current Common Funding Formula arrangements. Planned funding for this additional 1 day release from teaching duties for Primary Principals (for the full year from 2009/10) is set to rise to around £4.5m, and the proposal is that this budget should be distributed by means of a new factor called the Primary Principals' Release Time factor. In addition, the factor would include the funding element currently distributed to primary schools under the Small Schools' Support factor to facilitate the release of Principals of smaller primary schools from class contact for one day per week.

#### Objective of proposed change

- 3.6 Distribution within delegated funding arrangements would seek to:
  - increase the amount of delegated funding for primary schools, increase the flexibility for schools to deploy this funding; and

- remove potential uncertainties for schools under current arrangements, over the availability and extent of this funding from year to year; thus aiding earlier budgetary planning by schools.
- 3.7 It is proposed that the new factor will incorporate both the current 1 day funding element currently within the Small Schools' Support Factor (SSSF), and the additional 1 day release funding, made available from September 2008. The minimum lump sum applied to primary schools under the SSSF would be adjusted to 1.0 times the relevant salary spine point, plus costs (compared to the current 1.2 multiplier - Section 3.36 of the Common Funding Scheme refers) and the new factor for Primary Principals' Release Time would then distribute circa £9m (i.e. the £4.5m additional funding plus matched funding currently distributed under the Small Schools' Support Factor) to provide for at least two release days under the new factor.
- 3.8 The determination of spend for all funding delegated to schools under the Local Management of Schools arrangements, is a matter for each school's Board of Governors in conjunction with the Principal. As this funding is aimed specifically at helping to ease the burden placed on primary school Principals, these Principals should ensure they have at least two days per week free from class contact and Boards of Governors would be expected to ensure that the necessary conditions exist in which the Principal may avail of this time.
- 3.9 Under the proposed arrangements, the intention is that this new funding resource would be separately identifiable within a school's Budget Statement to allow for appropriate planning to ensure that the Principal is not required to spend more than three days per week on teaching duties. In line with the arrangements applied to funding distributed outside of the formula in 2008/09, it is expected that provision for non-teaching days for leadership, management and administrative responsibilities, will be reflected in schools' development plans. Any Principal who is unable to avail of the appropriate time free from class contact or is prevented from doing so should contact his or her employing authority.

### Summary Assessment

- 3.10 Funding of around £4.5m to be allocated in 2009/10 for the additional day's release time for Primary Principals, would be distributed under a new funding formula factor. An additional £4.5m would be incorporated from an adjustment to the operation of the current Small Schools' Support factor for primary schools. Total funding of around £9m would then be distributed to eligible primary schools under the new Primary Principals' Release Time factor, with around £4.5m less distributed to primary schools under a revised Small Schools' Support factor.

- 3.11 It is proposed that the total funding under the Primary Principals' Release Time factor (circa £9m) would be distributed to primary schools along similar lines to the operation of the current Small Schools' Support Factor for primary schools, which would provide for a lump sum amount of around £15,900 being allocated to primary schools of up to 100 pupils with a reduction in funding of -£79.56 per pupil above 100, to zero at 300 pupils
- 3.12 The adjusted Small Schools' Support Factor for primary schools – using a revised value of 1.0 times the relevant teaching cost applied to calculate the maximum lump sum allocation under this factor (Section 3.36 of the Common Funding Scheme refers) – would distribute around £38,600 to smaller schools with enrolments up to 100 (using current values and pupil data in 2008/09), and this would reduce, (by -£193.20 per pupil on the basis of current funding levels/data) to zero for schools with 300 or more pupils
- 3.13 For illustration purposes (using 2008/09 data), the potential funding outcomes for a range of primary school enrolments were assessed as:

#### INDICATIVE FUNDING OUTCOMES

| Pupils <sup>(1)</sup> | PPRT <sup>(2)</sup> | Revised SSSF <sup>(1, 3)</sup> | Overall both factors |
|-----------------------|---------------------|--------------------------------|----------------------|
| 50                    | <b>£15,912</b>      | £38,639                        | £54,551              |
| 100                   | <b>£15,912</b>      | £38,639                        | £54,551              |
| 120                   | <b>£14,321</b>      | £34,775                        | £49,096              |
| 140                   | <b>£12,730</b>      | £30,911                        | £43,641              |
| 160                   | <b>£11,139</b>      | £27,048                        | £38,186              |
| 180                   | <b>£9,547</b>       | £23,184                        | £32,731              |
| 200                   | <b>£7,956</b>       | £19,320                        | £27,276              |
| 220                   | <b>£6,365</b>       | £15,456                        | £21,821              |
| 250                   | <b>£3,978</b>       | £9,660                         | £13,638              |
| 300                   | <b>£0</b>           | £0                             | £0                   |

- Notes:
1. SSSF values based on 2008/09 CFF data
  2. Funding allocations for PPRT based on planned funding of £9m in 2009/10
  3. Revised SSSF based on 1.0 multiplier for salary costs rather than 1.2 (current value)

## Proposal

**Schools are asked to provide their views on the proposal that a new Primary Principals' Release Time factor should be introduced in the Common Funding Formula, (which would include an element of funding currently allocated under the Small Schools' Support Factor for primary schools), to distribute resources to smaller primary schools to help ensure that at least two days per week release from teaching duties is available for the Principals of these schools.**

Under the new factor, primary schools with primary-age enrolments of up to 100 would receive the maximum lump sum amount of around £15,900 with a reduction in funding of -£79.56 per pupil above 100, to zero at 300 pupils.

Under the revised primary Small Schools' Support factor, primary schools with primary-age enrolments of up to 100 would receive the maximum lump sum (£38,639 using 2008/09 salary costs, with a reduction in funding of -£193 per pupil above 100, to zero at 300 pupils.

Further information on the proposal and illustrative outcomes are shown at Annex A.

## ANNEX: ILLUSTRATIVE OUTCOMES AND EXAMPLES FOR PROPOSED CHANGES

### 1. A change in primary AWPU weighting to 1.05 for 2009-10

The following assessment of a potential increase in the AWPU weighting for primary pupils to 1.05 is for **illustration only** and is based on current pupil and school data used for funding purposes in 2008/09. It is not possible to predict what the actual impacts overall would be for such a change from 2009-10 as actual impacts will be dependent upon the level of funding available for schools in 2009-10; individual school circumstances and pupil profiles at that time; together with any modifications made to other factors within the formula.

The illustrative funding difference relates only to the change in primary AWPU weighting, against 2008/09 funding and pupil data. The actual funding changes, for a higher AWPU weighting for primary school pupils in 2009-10 will be dependent upon the overall level of funding available for schools in 2009-10 and on individual school circumstances and pupil profiles at that time.

#### Example:

For a primary school with a total primary-age enrolment of 180 pupils, the funding distributed under the AWPU factor only would have increased by around £3,500.

|             | FTE pupils | AWPU cash value | Weighting | Funding  |
|-------------|------------|-----------------|-----------|----------|
| Actual 0809 | 180        | 1966.16         | 1.04      | £368,065 |
| Modelled *  | 180        | 1966.16         | 1.05      | £371,604 |
| Difference  | 0          | 0               | 0.01      | £3,539   |

\* AWPU cash value restored to current value with additional £3m

The planned additional £3m (for budgets in 2009/10) to provide for the increased number of total AWPU's (caused by the higher primary AWPU weighting), would mean **the relative funding shares for nursery pupils and post-primary pupils would be unchanged.**

## 2. Foundation Stage Factor

A new factor within the funding formula to distribute funding to primary schools in support of the Foundation Stage of the primary curriculum.

(2008/09 based data used for illustration only)

Estimated total funding available for distribution  
under this factor in 2009/10 = £22.2m

Proposed minimum lump sum funding level = £12,000

Proposed pupil threshold for minimum funding = up to 10 FTE pupils  
(Combined P1 and P2 enrolments)

Additional amount for each pupil above the  
minimum threshold (based on 2008/09 data) £346.32 per pupil

Note: As with existing funding arrangements, funding assessments and pupil count arrangements will include separate identification of pupils within Irish-medium units, and exclude Nursery / Special units and pupils in Preparatory Departments of grammar schools.

| Combined P1 & P2 enrolments | Funding<br>£ |
|-----------------------------|--------------|
| 10                          | 12,000       |
| 20                          | 15,463       |
| 30                          | 18,926       |
| 40                          | 22,390       |
| 50                          | 25,853       |
| 60                          | 29,316       |
| 80                          | 36,242       |
| 100                         | 43,169       |
| 120                         | 50,095       |
| 140                         | 57,022       |
| 160                         | 63,948       |

### Example:

A primary school has 20 Year 1 pupils and 24 Year 2 pupils, giving it a combined enrolment of 44 across these year groups. The school would receive the minimum lump sum for the first 10 pupils and then receive £346.32 per pupil from 11 to 44, giving it an estimated £23,775 of funding under the proposed factor.

|  |   |                |
|--|---|----------------|
| Minimum sum  | = | £12,000        |
| 34 pupils (above minimum threshold) = 34 x £346.32 | = | <u>£11,775</u> |
| Total  | = | <b>£23,775</b> |

### 3. Primary Principals' Release Time Factor

Planned funding for distribution under the proposed new factor in 2009/10 = £9m, which incorporates that element of funding currently distributed to smaller primary schools under the Small Schools' Support Factor, to provide some support to Principals to help ensure their release from a full time class teaching commitment in order to undertake leadership, management and administrative responsibilities.

#### **Adjustment to the Small Schools' Support factor**

The incorporation of this resource into formula arrangements will require an adjustment to the current Small Schools' Support Factor for primary schools as set out at Paragraph 3.10 to 3.12 in the consultation document (using 2008/09 salary costs).

#### Current

|                              |         |  |
|------------------------------|---------|--|
| Relevant Salary cost used    | £38,639 |  |
| Multiplier                   | x 1.2   |  |
| Maximum lump sum for schools | £46,367 | (for schools with 100 or less primary-age pupils)                          |
| Reduction per pupil over 100 | -£232   | (tapering to zero for primary schools with 300 or more primary-age pupils) |

#### Proposed revision of Small Schools' Support factor using 2008/09 salary costs

|                              |         |  |
|------------------------------|---------|--|
| Relevant Salary cost used    | £38,639 |  |
| Multiplier                   | x 1.0   | (multiplier reduced to 1.0, with the 0.2 now within the new factor)        |
| Maximum lump sum for schools | £38,639 | (for schools with 100 or less primary-age pupils)                          |
| Reduction per pupil over 100 | -£193   | (tapering to zero for primary schools with 300 or more primary-age pupils) |

### New Primary Principals' Release Time Factor

The new funding, (alongside funding for 1 day Principal release previously distributed under the Small Schools' Support Factor to primary schools), would then be combined under a new factor – to support schools in providing at least two days per week release from teaching duties for primary school Principals.

|                              |         |   |
|------------------------------|---------|---|
| Maximum lump sum for schools | £15,912 | (assessed maximum lump sum for schools with 100 or less primary-age pupils) |
| Reduction per pupil over 100 | -£79.56 | (tapering to zero for primary schools with 300 or more primary-age pupils,) |

TABLE OF MODELLED FUNDING OUTCOMES

| Pupils <sup>(1)</sup> | PPRT <sup>(2)</sup> | Revised SSSF <sup>(1, 3)</sup> | Overall both factors |
|-----------------------|---------------------|--------------------------------|----------------------|
| 50                    | <b>£15,912</b>      | £38,639                        | £54,551              |
| 100                   | <b>£15,912</b>      | £38,639                        | £54,551              |
| 120                   | <b>£14,321</b>      | £34,775                        | £49,096              |
| 140                   | <b>£12,730</b>      | £30,911                        | £43,641              |
| 160                   | <b>£11,139</b>      | £27,048                        | £38,186              |
| 180                   | <b>£9,547</b>       | £23,184                        | £32,731              |
| 200                   | <b>£7,956</b>       | £19,320                        | £27,276              |
| 220                   | <b>£6,365</b>       | £15,456                        | £21,821              |
| 250                   | <b>£3,978</b>       | £9,660                         | £13,638              |
| 300                   | <b>£0</b>           | £0                             | £0                   |

- Notes:
1. SSSF values based on 2008/09 CFF data
  2. Funding allocations for PPRT based on planned funding of £9m in 2009/10
  3. Revised SSSF based on 1.0 multiplier for salary costs rather than 1.2 (current value)

### Example

For comparison purposes, a primary school with 135 primary-age pupils **currently** receives funding as follows under the current Small Schools' Support Factor (using 2008/09 values):

|   |            |
|---|------------|
| Maximum lump sum available                            | = £46,367  |
| Reduced funding per pupil over 100 (35 x -£231.84)    | = - £8,114 |
| Total Funding under the Small Schools' Support Factor | = £38,253  |

Under the proposed new arrangements, the same school, with 135 primary-age pupils, would receive funding under the revised Small Schools' Support factor and a separate allocation under the new Primary Principals' Release Time factor.

a) Under the revised Small Schools' Support Factor, the school would receive:

Maximum lump sum available = £38,639

Reduced funding per pupil over 100 (35 x -£193.20) = -£6,762

Funding under the revised Small Schools' Support Factor = £31,877

b) Under the new Primary Principals' Release Time factor, the school would **also** receive:

Maximum lump sum available = £15,912

Reduced funding per pupil over 100 (35 x -£79.56) = -£2,785

Funding for the new Primary Principals' Release Time factor = £13,127

(a +b) **In total** under both the revised Small Schools' Support and new Primary Principals' Release Time factors, the school would receive a total of just over

**£45,000**

***Note: Current arrangements for the distribution of funding to post-primary schools under the Small Schools' Support factor will remain unchanged.***