

**SUMMARY OF PROPOSALS FOR CHANGES TO THE COMMON FUNDING FORMULA – 2010/11**

**Proposed changes to Factors in the Common Funding Formula**

	Current	Proposed
Primary pupil Age Weighted Pupil Unit (AWPU)	1.05 AWPU cash value	1.06 AWPU cash value To increase the relative share of funding for primary pupils, through a higher AWPU weighting
Each preparatory pupil currently attracts grant-aid funding equivalent to 0.4 of the basic AWPU cash value.	0.4 AWPU cash value	To cease this funding with effect from 1 September 2010

## **Proposed change in primary pupil AWPU weighting to 1.06 for 2010-11**

1.1 This proposed change in the current AWPU weighting applied to primary school pupils should increase the relative share of funding distributed to primary schools and the proportion of per pupil funding delegated to primary schools compared to post-primary schools under the funding formula arrangements.

1.2 It is not possible to project what the actual impacts generally would be for schools in 2010/11, if it is agreed that the proposed change to the AWPU weighting for primary schools should be introduced. This is because actual impacts will be dependent upon the overall level of funding available for schools in 2010/11; individual school circumstances and pupil profiles at that time; together with any modifications resulting from the annual review of cash values relating to other factors within the formula. The figures below should therefore only be regarded as being illustrative of the impact of the change in funding levels if the proposed primary AWPU weighting of 1.06 had been applied in the current year.

1.3 The change being proposed reflects the Ministerial commitment 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, outlined as part of the education budget announcement of 12 February 2008.

1.4 It should be noted that at the time of this announcement, it was the intention that the Aggregated Schools' Budget baseline for 2010/11 would include an additional £3 million, to ensure that this change would not impact adversely on the budget shares of pupils in nursery and post-primary schools. The financial context has, however, changed considerably since then and in view of the anticipated constrained budgetary position next year we believe that it would be prudent to consult with schools on two alternative scenarios, i.e. the increased AWPU weighting to be implemented with additional funding of £3 million to be included within the ASB; and the increased AWPU weighting to be implemented without the additional funding of £3 million being included within the ASB.

1.5 Accordingly, two alternative scenarios are illustrated below:

- a) an increase in the AWPU weighting with an additional £3m included within the Aggregated Schools Budget that will be distributed to schools through the Common Funding Formula in 2010/11 - to allow for an increase in the primary pupil AWPU weighting by 0.01 without creating an adverse impact on the relative funding shares for the other phases of education); and
- b) an increase in the AWPU weighting with no additional funding included within the Aggregated Schools Budget.

#### **Increased AWPU weighting with £3m additional funding included in the ASB**

1.6 In 2009/10 the total amount of delegated funding distributed to schools under initial formula budget allocations, known as the Aggregated Schools Budget, amounted to some £1,106m. If the increased primary AWPU weighting of 1.06 had been applied to the totality of the Aggregated Schools Budget in 2009/10, plus the additional £3m referred to in paragraph 1.4 above, this would have resulted in an uplift of just over £20 in the allocation of funding per primary school pupil under the AWPU factor within the Common Funding Formula. This calculation is based on the current pupil data and school profiles that were used for formula funding purposes in 2009/10.

1.7 In broad terms therefore, the application of a higher primary AWPU weighting of 1.06 alongside additional funding of £3m included within the Aggregated Schools Budget in 2009/10 would have distributed just over £20 more per primary pupil, based on the current 2009/10 data. It should also be noted that the incorporation of the additional £3m into the Aggregated Schools Budget in 2010/11, would mean that the relative funding levels for nursery and post-primary schools will be maintained.

<u>AWPU funding</u>	<b>Actual 2009/10</b> Primary AWPU 1.05 x £2,020.49	<b>Notional outcome</b> <b>(£3m additional)</b> Primary AWPU 1.06 x £2,020.49	Difference	%
Primary Pupil	£2,121.51	£2,141.72	£20.21	0.95%

### **Increased AWPU weighting with no additional funding included in the ASB**

1.8 If an AWPU weighting of 1.06 had been applied to primary school pupils for formula funding purposes in 2009/10, without the inclusion of an additional £3m within the ASB, the actual AWPU cash value would have been deflated as there would have been more AWPU units to divide into the same amount of available funding. A notional increased AWPU weighting of 1.06 for primary school pupils would have meant an additional 1,532 AWPU units across all schools, i.e. the total number of primary school pupils multiplied by the notional increase of 0.01; and a corresponding reduction of - £6.92 in the AWPU cash value used to distribute AWPU funding for all pupils. Each primary-age pupil would therefore have had a higher AWPU weighting (1.06) applied to a lower AWPU cash value (£2013.57) with the net result that each primary-age pupil would have received approximately £12.87 more had this proposal been applied in 2009/10, as illustrated below.

<u>AWPU funding</u>	<b>Actual 2009/10</b> Primary AWPU <b>1.05 x £2,020.49</b>	<b>Modelled</b> Primary AWPU <b>1.06 x £2,013.57</b>	Difference	%
Primary Pupil	£2,121.51	£2,134.38	£12.87	0.61%

### **Impact on the other phases of education**

1.9 This would have had the effect of reducing the relative shares of funding distributed to nursery schools and post-primary schools under the AWPU factor and AWPU-related factors within the CFF. This is because the current AWPU weightings for nursery school and post-primary school pupils would have been applied to the reduced AWPU cash value, as outlined below.

<b><u>AWPU Funding</u></b>	<b>Actual 2009/10</b>	<b>Modelled 2009/10</b>	<b>Modelled outcome</b>	<b>Difference</b>
Primary Pupil <b>1.05 x £2020.49</b>	£2,121.51	Primary Pupil <b>1.06 x £2013.57</b>	£2,134.38	<b>+£12.87</b>
Nursery Pupil <b>1.452 x £2,020.49</b>	£2,933.75	Nursery Pupil <b>1.452 x £2013.57</b>	£2,923.70	<b>-£10.05</b>
Year 8 -12 Pupil <b>1.68 x £2,020.49</b>	£3,394.42	Year 8 -12 Pupil <b>1.68 x £2013.57</b>	£3,382.80	<b>-£11.62</b>

1.10 The additional funding required to restore the AWPU cash value, as measured against 2009/10 data, to allow for this notional uplift in the primary pupil AWPU weighting without impacting adversely on the relative funding shares for the other phases of education, has been calculated as follows:

447,051 AWPU's x £6.92 (which is the amount required to restore the current AWPU cash value of £2,020.49) = £3.09m.

## **Preparatory pupil funding.**

2.1 Preparatory pupils currently attract grant-aid funding equivalent to 0.4 of the basic Age-Weighted Pupil Unit (AWPU) cash value. This funding is intended to reflect 30% of the associated approved teaching costs and the lower rate of grant-aid for pupils in preparatory departments of grammar schools recognises that this is the preferred choice of education for the parents of these pupils, and that the main criterion for admission is the ability of a parent to pay the fee levied by the school.

2.2 There are currently a total of 2,426 pupils (representing approximately 1.5% of the primary school population) attending the 16 preparatory departments of various grammar schools. Of these, 13 are voluntary grammar schools (2,080 pupils) and 3 are controlled grammar schools (346 pupils) in the South Eastern Education and Library Board (SEELB). In recent years there has been a steady decline in pupil numbers from 3,358 in 1998 to the current figure. Total grant-aid funding of just under £1.961m was allocated for these pupils in 2009/10 under the Common Funding Formula.

2.3. The Independent Strategic Review of Education (Bain Report), published in December 2006, highlighted the issue of the funding of preparatory schools. In respect of the allocation of the education budget, it indicated:

*“Equity must continue to be at the heart of this distribution. For this reason, the part-funding of fee-charging preparatory departments in grammar schools is anomalous. This aspect of delegation subsidises provision that can only be accessed by children whose parents can pay the requisite fee. This would seem to be an inequitable use of public funds and counterintuitive in a funding system simultaneously managing the pressures of a high level of surplus capacity. The rationale for this aspect of schools-related current expenditure should be reviewed and its continuation considered with regard to equity and in the context of the significant pressures on the education budget”.*

2.4. One of the key recommendations of the Bain Report (recommendation 5) was that *“The rationale for funding preparatory departments in grammar schools should be reviewed”*.

2.5. In line with recommendation 5 of the Bain Report, the Department of Education (DE) in January 2009 commissioned Business Consultancy Service (BCS) of the Department of Finance and Personnel to undertake a review of funding to preparatory departments of grammar schools and to provide a report to the Department.

2.6. In summary, the BCS Report has concluded that there is no obligation on the Department to fund preparatory departments of grammar schools and that the Department should consider the withdrawal of funding to preparatory departments on the basis of the equality of access. The report provides evidence to support the withdrawal of funding to preparatory departments of grammar schools on the basis of equality of opportunity and states that it is BCS’s view that this does not highlight any significant issues of risk in terms of the potential impact on the education budget or the ability of the current capacity within the school estate to absorb any potential movement of pupils from preparatory departments to other primary schools.

2.7. Accordingly, it is proposed that grant-aid funding for preparatory pupils should be withdrawn with effect from 1 September 2010. However, any final decisions by the Minister about the proposal to withdraw grant-aid funding to preparatory departments is subject to a full Equality Impact Assessment (EQIA).

2.8. Approved changes to the common funding formula are usually adopted and applied from the 1<sup>st</sup> of April in the relevant year. However, as parents will have already enrolled their children in preparatory departments for the full 2009/10 academic year, it is proposed that any withdrawal of funding support for preparatory pupils would take effect from September 2010, to provide schools and parents with advance notice of such an intention. Any change to the current arrangements in relation to the funding of preparatory pupils would, subject to the separate EQIA process, only apply from 1 September 2010. In effect, this means the current funding

arrangements for preparatory pupils will be retained for the remainder of the 2009/10 academic year i.e. up to the end of August 2010.