

PART B

Education Funding

CHAPTER 5: DETERMINING THE EDUCATION BUDGET

- 5.1 This chapter explains how the overall level of funding available for devolved public services in Northern Ireland is determined in the context of the United Kingdom Spending Review. It then describes how the education budget is determined within the annual Northern Ireland Priorities and Budget Process. The levels of education expenditure in Northern Ireland are then compared with other parts of the United Kingdom, together with an account of the factors that need to be considered when making such comparisons.

Public Expenditure and the Barnett Formula

- 5.2 The overall budget allocation for Northern Ireland comprises two distinct elements: the Departmental Expenditure Limit and Annually Managed Expenditure. Together these comprise Total Managed Expenditure for Northern Ireland. Departmental Expenditure Limits are fixed for three-year periods in National Spending Reviews. Annually Managed Expenditure is agreed annually with Her Majesty's Treasury (HMT) because it largely covers demand-led services (e.g. social security benefits) that cannot reasonably be subject to multi-year limits. The focus for allocation of funds to public services in Northern Ireland is, therefore, the Departmental Expenditure Limit.
- 5.3 The allocation of funding to the Northern Ireland Departmental Expenditure Limit is largely determined at the outcome of the United Kingdom-wide Spending Reviews. These normally take place biennially and cover a three-year period. Most recently, the 2004 Spending Review (SR04) covered the period 2005/06 to 2007/08. The level of funding available for public services in Northern Ireland, as determined by the Spending Review, can be increased by revenue generated through the Regional Rates in Northern Ireland and through a borrowing facility established under the Reinvestment and Reform Initiative (RRI).
- 5.4 Changes in the level of the Northern Ireland Departmental Expenditure Limit (and that for Scotland and Wales) are determined through the application of a population-based mechanism, the Barnett Formula. Under the Barnett formula, Northern Ireland receives its population-based proportion of changes according to planned spending on comparable United Kingdom government services in

England, England and Wales, or Great Britain as appropriate. Thus, if the government decides to increase (or decrease) the budget of a United Kingdom government department by £100m for services in England, and there is 100 per cent comparability with the services carried out in Northern Ireland, the budget change for Northern Ireland is determined on the basis of the overall Northern Ireland population as a percentage (3.42 per cent) of the overall English population, i.e. $£100m \times 3.42 \text{ per cent} = £3.42m$. This sum is abated by 2.5 per cent (i.e. $£3.42m \times 97.5\% = £3.3345m$) since Northern Ireland departments can reclaim VAT, whereas departments in the rest of the United Kingdom cannot.

- 5.5 The Barnett Formula determines only *changes* to the Departmental Expenditure Limit; it does not determine the total allocation for Northern Ireland's devolved services. Changes arising as a result of the Barnett Formula are generally referred to as Barnett consequentials. These consequentials are not automatically attributed to the same department or services in Northern Ireland as those in England that gave rise to the consequential. Funding is allocated to devolved services in Northern Ireland at the discretion of the Secretary of State for Northern Ireland (the Northern Ireland Executive and the Assembly under devolution) in the context of the annual Northern Ireland Priorities and Budget Process. In accordance with Paragraph 20 of Strand One of the Belfast/Good Friday Agreement, the Northern Ireland Executive (the Secretary of State under suspension of devolution) is required to produce annually a programme incorporating an agreed budget linked to policies and programmes. Material changes in the level of funding available as a result of the Barnett consequentials arise in the context of United Kingdom Spending Reviews, and thus the overall level of funding available in the annual Priorities and Budget Process remains largely as set out in the most recent Spending Review. Some marginal increases to the Northern Ireland Departmental Expenditure Limit may, however, come from outside the Spending Review (i.e. from the Chancellor's March Budget or the Pre-Budget Report).
- 5.6 In the course of any financial year, the overall allocations to departments are subject to formal monitoring and review on a quarterly basis. The key purpose of the monitoring process is to take account of unforeseen pressures and easements arising in-year and to provide an opportunity, where necessary, for reallocation of resources between priorities. As with the formal budget process, any changes to the departmental allocations are decided by the Secretary of State.

Education Budget

- 5.7 The outcome of the most recent Priorities and Budget Process in Northern Ireland was published in December 2005 and provided agreed allocations for 2006/07 and indicative allocations for 2007/08. For 2006/07, Education received 20.2 per cent of the overall Northern Ireland Departmental Expenditure Limit compared with 20.1 per cent in 2005/06 and 20.7 per cent in 2004/05.
- 5.8 The education budget supports two objectives, related to schools and the youth service and community relations measures for young people. To quote *Northern Ireland Priorities and Budget, 2006–2008*:
- *Objective A*: "to ensure that all young people, through participation at school, reach the highest possible standards of educational achievement that will give them a secure foundation for lifelong learning and employment, and develop the values and attitudes appropriate to citizenship in an inclusive society"; and
 - *Objective B*: "to promote, through the Youth Service, the personal and social development of children and young people and assist them to gain the knowledge, skills and experience to reach their full potential as valued individuals; and, through community relations measures for young people, to encourage the development of mutual understanding and promote recognition of, and respect for, cultural diversity".

Within each objective there are separate budgets for current expenditure and capital investment. Tables 5.1 and 5.2 give budget figures for current and capital expenditure on Objectives A and B for the years 2004/05 to 2007/08.

Schools-related Current Expenditure

- 5.9 Within the current expenditure budget determined for the schools-related Objective A, the main decisions for the Education Minister each year are the amount of funding that should be delegated directly to schools under the Local Management of Schools' (LMS) Common Funding Formula (CFF), and the amount of funding to be allocated to the five Education and Library Boards (ELBs) for schools-related services. Funding for ELBs comprises allocations for support services and earmarked allocations, primarily for a range of specific educational initiatives. Allocations to individual ELBs for support services are made under an

Table 5.1: Current Expenditure on Education in Northern Ireland, 2004/05–2007/08

Objective	2004/05 outturn ^a (£m)	2005/06 planned (£m)	2006/07 planned ^b (£m)	2007/08 planned ^b (£m)
Objective A (schools)	1,448.0	1,532.1	1,594.8	1,665.5
Objective B (youth/ community relations)	27.7	27.5	29.1	30.1
EU Peace Programme ^c	5.7	7.2	1.0	0.7
Total current expenditure	1,481.4	1,566.8	1,624.9	1,696.3

Source: DE.

Notes:

^a2004/05 figures are provisional outturn.^b2006/07 and 2007/08 figures take account of approved post-Budget 2005 technical changes.^cThe European Union programme provides funds for Northern Ireland to promote peace and reconciliation.

Table 5.2: Capital Investment on Education in Northern Ireland, 2004/05–2007/08

Objective	2004/05 outturn ^a (£m)	2005/06 planned (£m)	2006/07 planned (£m)	2007/08 planned (£m)
Objective A (schools)	142.1	158.2	207.0	406.9
Objective B (youth/ community relations)	3.5	4.1	6.5	7.5
EU Peace Programme ^b	0.7	-	-	-
Total	146.3	162.3	213.5	414.5

Source: DE.

Note:

^a2004/05 figures are provisional outturn. Final outturn figures are presented in Table 5.9.^bThe European Union programme provides funds for Northern Ireland to promote peace and reconciliation.

Assessment of Relative Needs (ARNE) methodology. Table 5.3 provides a breakdown of the education budget by main budgetary responsibilities, and indicates that most of the budget goes to schools or other grant-aided bodies, in particular the ELBs.

Table 5.3: Budgetary Responsibilities, 2006/07^a

Budget – Current and Capital	Amount (£m)	% of Total Departmental Expenditure Limit
Schools-related Current		
Schools-related delegated	995	54.1
ELBs non-delegated ^b	529	28.8
Voluntary Grammar/Grant-maintained Integrated school non-delegated	23	1.3
Other bodies	27	1.4
Other schools-related current	32	1.7
European Union Building Sustainable Prosperity programme income	-11	-0.6
Schools-related capital investment	207	11.3
Youth and community relations	35	1.9
EU Peace Funding	1	0.1
Total Departmental Expenditure Limit	1,838	100.0

Source: DE.

Notes:

^aDE responsibilities include certain schools' infrastructure provision, non-delegated voluntary grammar and Grant-maintained Integrated schools' recurrent provision, Departmental running costs, and a range of other minor provision.

^bThis comprises ELB central support services to schools and earmarked funding, primarily for education initiatives. The budget is over £11m gross in relation to initiatives partly funded under the European Union Building Sustainable Prosperity programme.

5.10 The 2006/07 budget for schools-related current expenditure is £1,595m (see Table 5.1) and comprises the entries in Table 5.3 under "Schools-related delegated", "ELB non-delegated", "Voluntary Grammar/Grant-maintained Integrated School non-delegated", "Other bodies" and "Other schools-related

current" and "European Union Building Sustainable Prosperity programme income". It consists of the following elements:

- £995m (approximately 62 per cent) of schools-related current expenditure is allocated to nursery, primary and post-primary schools' delegated budgets as determined under the LMS scheme and the CFF. Of this, £761m relates to controlled and maintained schools, which are funded by ELBs. The remaining £234m relates to Voluntary Grammar (VG) and Grant-maintained Integrated (GMI) schools, which are funded directly by DE.
- £529m (approximately 33 per cent) is allocated to the ELBs, but within that sum are two different kinds of allocation:
 - ◆ £377m (approximately 24 per cent) relates to ELB centre budgets. These budgets cover a range of education and education support services, including some funding (e.g. for some teacher substitution, support for Special Educational Needs (SEN) pupils in mainstream schools) which goes to meet costs incurred directly by schools but which are not a charge on schools' delegated budgets.
 - ◆ £152m (approximately 9 per cent) relates to earmarked allocations to ELBs, primarily for a range of education initiatives. Some of this funding will be allocated to schools over and above their delegated budgets.
- The remaining £82m (approximately 5 per cent) relates mainly to VG and GMI school costs that are outside the scope of these schools' delegated budgets, the Department of Education's (DE) administration costs, and funding for the Council for the Curriculum, Examinations and Assessment (CCEA), and the Council for Catholic Maintained Schools (CCMS).

5.11 These figures for schools-related current expenditure add up to £1606m but the budget is then offset by £11m estimated income in relation to ELB earmarked initiatives partly funded under the European Union Building Sustainable Prosperity Programme. 2006/07 is the first year in which departmental budgets are allocated net of this European Union income due to a change in the public expenditure control framework. A fuller account of the distribution of schools' current expenditure (including the LMS scheme and the CFF), together with an account of the distribution of capital investment, is given in Chapter 6.

Youth and Community Relations

5.12 Table 5.3 gives the youth and community relations budget as £35m (an approximated sum of the £29m of current expenditure and £6.5m of capital investment identified in Tables 5.1 and 5.2 for 2006/07). Again, a fuller account of the distribution of this money can be found in Chapter 6.

Comparisons with England, Scotland and Wales

5.13 HMT's Public Expenditure Statistical Analyses (PESA) series provides information on United Kingdom expenditure by function and country, per head of population, indexed to a United Kingdom average of 100. The coverage is significantly broader than the functions of DE (it includes further and higher education, and training). On this basis, PESA 2006 indicates the broad levels of expenditure per head of population shown in Table 5.4. It shows that the amounts of educational expenditure per head of population in Northern Ireland, although generally falling, have been greater in recent years than in other United Kingdom countries. Expenditure *per head of total population*, however, does not take account of the higher level of relative need for education expenditure in Northern Ireland.

Table 5.4: UK Identifiable Expenditure on Education and Training, per Head of Population, Indexed, 2000/01-2005/06^a

Year (UK = 100)	England	Scotland	Wales	Northern Ireland
2000/01	97	116	105	144
2001/02	97	116	105	126
2002/03	98	111	106	131
2003/04	98	106	102	124
2004/05	99	106	102	120
2005/06	98	108	100	125

Source: Her Majesty's Treasury Public Expenditure Statistical Analyses (PESA) Series, 2006, Table 7.12.

Note:

^aFigures for 2005/06 have not yet been validated by the Office for National Statistics.

5.14 Relative need for expenditure on education is affected by a number of factors. These include the:

- number of pupils;
- age profile of pupils (on average, post-primary school pupils tend to require significantly greater expenditure per pupil than primary pupils);
- sparsity of population (i.e. rural/urban distribution);
- levels of deprivation; and
- numbers of nursery-age children.

The most important factor is the number of pupils and this is the main reason for Northern Ireland's higher level of relative need. Northern Ireland has a greater number of pupils per head of population than in other United Kingdom countries. It has 2.9 per cent of the total United Kingdom population but 3.4 per cent of the population aged 4-18. It also has a compulsory school-starting age of four as against five for other parts of the United Kingdom. In addition, post-16 participation in full-time education in Northern Ireland is higher than the average for the rest of the United Kingdom: in 2005/06, 86.6 per cent of 16 and 17 year-olds attended schools and institutions of further education in Northern Ireland compared with 77.4 per cent in England.

5.15 Policy differences between Northern Ireland and other United Kingdom countries also have an impact on expenditure comparisons. These differences include the promotion of various forms of education distinctive to Northern Ireland (e.g. Integrated, Irish-medium), and the range of school management systems within Northern Ireland schools (e.g. controlled, maintained, and VG).

5.16 Since 2000/01 there have been increases in schools-related expenditure, and decreases in pupil populations, in both Northern Ireland and England. Table 5.5 indicates that between 2001/02 and 2005/06, schools-related current expenditure increased by 27.2 per cent in Northern Ireland and by 41.2 per cent in England.

Table 5.5: Increase in Schools-related Current Expenditure in Northern Ireland and England, 2001/02–2005/06^a

Country	2001/02 (£m)	2005/06 (£m)	Increase (%)
Northern Ireland	1,203	1,532	27.2
England ^b	28,353	40,037 ^c	41.2

Sources: DE (Northern Ireland expenditure); *DfES Departmental Report*, Table 8.3 and Annex A (England expenditure).

Notes:

^aExpenditure figures from 2001/02 are on an accruals basis. Prior to this, expenditure was on a cash basis.

^bEngland expenditure figures exclude funding for sixth-form colleges.

^cEstimated outturn.

5.17 Table 5.6 indicates that, over the same period, pupil numbers decreased by 3.8 per cent in Northern Ireland compared with a decrease of 1.8 per cent in pupil numbers in England. When allowance is made for the relatively greater decrease in pupil numbers in Northern Ireland from 2001/02 to 2005/06, the increase in expenditure relative to pupil numbers in England over the same period is still higher than that in Northern Ireland.

Table 5.6: Decrease in School Pupil Numbers in Northern Ireland and England, 2001/02–2005/06

Country	2001/02 Pupil Numbers (FTE) ^a	2005/06 Pupil Numbers (FTE) ^a	Decrease (%)
Northern Ireland ^b	342,248	329,335	-3.8
England ^c	7,623,240	7,489,750	-1.8

Source: DE Statistical Press Releases; DfES Statistical First Release 38/2006, Schools and Pupils in England, January 2006 (Final).

Notes:

^aNorthern Ireland numbers are at October; England numbers are at January.

^bNorthern Ireland numbers exclude pupils in hospital schools and independent schools.

^cEngland numbers exclude pupils in independent schools and sixth-form colleges.

5.18 Current funding for schools in Northern Ireland comprises three broad categories as set out in Paragraph 5.10: the delegated LMS allocations, earmarked allocations, and ELB centre budgets. Published per pupil funding figures across the United Kingdom countries are calculated using combinations of the elements within these categories. Northern Ireland's figures are calculated using the first two categories. Table 5.7 shows that, over the two-year period 2002/03-2004/05, per pupil funding increased by 12.4 per cent and 13.3 per cent for the primary and post-primary sectors respectively.

Table 5.7: Northern Ireland Delegated Expenditure per FTE Pupil, 2002/03-2004/05

School Type	2002/03			2003/04			2004/05		
	Funding (£000s)	FTE Pupils	Per Capita	Funding (£000s)	FTE Pupils	Per Capita	Funding (£000s)	FTE Pupils	Per Capita
Primary	347,646	172,081 ^a	2,020	366,642	169,589 ^a	2,162	380,294	167,433 ^a	2,271
Post-primary	47,604	158,398	3,022	510,491	158,000	3,231	534,195	156,025	3,424

Source: DE Funding information from published outturn statements. Pupil data are from the *Compendium of Northern Ireland Education Statistics 1992/93 to 2004/05*.

Note:

^aPrimary schools include nursery class pupils on a full-time equivalent basis. It is not possible to disaggregate expenditure only for these pupils.

5.19 It is difficult to make meaningful comparisons of per pupil funding across the United Kingdom countries, however, because the other jurisdictions calculate these figures using different categories, and different elements within those categories. Differences in levels of delegation and in arrangements for distribution of central funding add a further layer of complexity. Some funding streams do not have equivalents across the countries and, as outlined in Paragraphs 5.13 to 5.15, differences in spend must be considered in the context of different levels of relative need. Given these significant differences, only comparisons with Wales have been included. These comparisons are based on adjustments to both the Northern Ireland figures in Table 5.7 and the published Welsh figures to make allowance for differences in the methodologies. There remain differences for

which adjustments could not be made and, consequently, the information in Table 5.8 should be interpreted with caution. It shows, for 2004/05, that while Northern Ireland spent slightly more per pupil than Wales in the post-primary sector, its spend in the primary sector was considerably less than Wales.

Table 5.8: Expenditure per Pupil in Northern Ireland and Wales, 2004/05^a

Country	Primary	Post-primary
Northern Ireland	2,398	3,615
Wales	2,898	3,595

Source: DE. Figures for Wales adjusted from Local Government Finance Statistics, National Assembly for Wales.

Note:

^aThe comparison must be interpreted with caution given that the analysis was not based on a detailed understanding of the Wales figures but on interpretation of published material. Per pupil costs across the United Kingdom Home Countries are compiled using locally defined combinations of expenditure on schools and services. Each country holds detailed information about its own education expenditure but funding and accounting arrangements for the capture of education expenditure vary considerably. There are also significant differences in the types of resources delegated to schools or provided by a centralised service in each country. The educational needs to be met by individual funding streams are also not necessarily directly comparable. This makes meaningful comparisons difficult. The comparison here was constructed by selecting the categories of Northern Ireland expenditure most closely comparable to those in Wales. The Wales figures were then adjusted to include items that cannot easily be disaggregated from the Northern Ireland figures.

Schools-related Capital Investment

- 5.20 Table 5.9 indicates the level of investment in the schools' estate over recent years. The expenditure includes allocations for major capital projects (over £300,000), specialist accommodation, and minor works projects.
- 5.21 Table 5.9 shows that the capital budget for schools of £207m in 2006/07 is significantly higher than the capital budget for the preceding years; the planning figure for 2007/08 of £406.9m represents a further step change in capital expenditure. The Investment Strategy for Northern Ireland, published in December 2005, indicates capital investment in education of £3.4 billion (including £2.3 billion for major works schemes) over ten years from 2005/06. This means that the levels provided in recent years will be sustained in the coming years.

Table 5.9: Schools-related Capital Investment, 2000/01–2007/08 (£m)^a

Year	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
Amount (£m)	92 ^b	106	120	142	144	122	207 ^a	406.9

Source: DE.

Notes:

^aFigures for the years 2000/01 to 2005/06 are final outturn. The figure for 2006/07 is initial budget and may be subject to change.

^bFigures from the year 2001/02 are on an accruals basis; the figure for 2000/01 is cash.

- 5.22 This chapter has outlined how the education budget for Northern Ireland is determined. The first stage is the determination of the Northern Ireland Departmental Expenditure Limit, changes to which are made using the population-based Barnett Formula. The education budget is then determined by the Secretary of State within the Northern Ireland Priorities and Budget Process. In 2006/07 the education budget is £1838m and this represents 20.2 per cent of Northern Ireland's overall Departmental Expenditure Limit. £1595m of the education budget is allocated to current expenditure on schools and is either delegated to individual school budgets (2006/07 delegations are 62 per cent of schools current expenditure), or allocated to the ELBs to cover a range of services (in 2006/07 ELB centre budgets and earmarked allocations represent 34 per cent of current expenditure on schools).
- 5.23 Comparing the relative size of the Northern Ireland education budget with other countries within the United Kingdom is problematic because of the different bases upon which figures are produced. In addition, population-based comparisons ignore the significant fact that pupils in full-time education represent a larger proportion of the overall population in Northern Ireland than in England. This proportion will, to a large degree, dictate changes in a country's schools-related expenditure. Both Northern Ireland and England are currently experiencing decreases in their pupil numbers but, in Northern Ireland, the decrease is more marked. Its pupil population, however, still remains relatively higher than England's, whose increase (41.2 per cent) in schools-related current expenditure between 2001/02 and 2005/06 was higher than Northern Ireland's (27.2 per cent). To the extent that pupil-level investment comparisons can be relied upon, they

suggest that Northern Ireland, in 2004/05, spent slightly more per post-primary pupil than Wales, but considerably less per primary pupil than Wales.

- 5.24 In terms of capital investment in education, substantial increases in recent years contrast with the much lower levels of investment experienced during the 1990s. This change follows the pattern of increased investment in the other countries of the United Kingdom.

CHAPTER 6: ALLOCATING THE EDUCATION BUDGET

6.1 Chapter 5 explained how the education budget was determined and how, within the overall budget, there are separate current expenditure and capital investment budgets for schools, and also for youth services and community relations measures for young people. This chapter explains how these budgets are distributed. As schools-related funding makes up the majority of the education budget, most of this chapter and all its conclusions will be devoted to this topic. It begins, however, by briefly considering current and capital allocations to youth services. It then describes the allocations process for schools-related capital investment before turning to the complex matter of schools-related current expenditure. Finally, it describes the ways in which the government holds budget holders to account for their use of the allocations made to them.

Youth and Community Relations

6.2 As stated in Paragraph 5.12, the 2006/07 current expenditure and capital investment budgets for the youth service and community relations measures under Objective B of the education budget were £29m and £6.5m respectively. Of the budget for current expenditure:

- £21m relates to the five Education and Library Boards' (ELB) budgets. Of this, £19m to youth services (including £1m under the Children and Young People Funding Package), and £2m to community relations; and
- £4m relates to the Youth Council for Northern Ireland.

The remaining £4m comprises £2m for voluntary sector community relations provision, £1m for voluntary youth service provision, and £1m for the Department of Education's (DE) administration costs. The £6.5m of capital investment within the youth and community relations budget comprises £3.9m for ELB youth services and £2.6m for the youth voluntary sector.

Schools-related Capital Investment

6.3 The planning of the schools' estate is discussed in detail in Part C of this report. The focus of Part C is on the structures and processes necessary to maximise

benefits from the proposed substantial investment in school buildings flowing from the Investment Strategy for Northern Ireland (ISNI). This section quantifies past and planned future spending levels and provides a brief description of current capital investment processes in education.

- 6.4 The 2006/07 capital budget provides capital funding of approximately £207m for the schools' estate. This programme is largely directed towards new replacement buildings or school refurbishment, and generally seeks to ensure that pupils and teachers are provided with a modern learning environment. There are a number of major policy developments in education – particularly the implementation of the post-primary review and the Extended Schools initiative – that are expected to affect school accommodation requirements in the future.
- 6.5 Capital investment in schools is more centrally managed than schools-related current expenditure. The procedure is that school authorities identify potential schemes to DE for major capital funding. DE then assesses the schemes, and those confirmed as requiring major capital investment are permitted to progress to a feasibility study in the case of the maintained, Voluntary Grammar (VG), Integrated and Irish-medium sectors, and to economic appraisal in the case of the controlled sector. Following the completion of agreed economic appraisals for all schemes, they are assessed on the basis of educational need (using criteria described in Chapter 8) to establish their order of priority. They are then funded according to the available budget.
- 6.6 ELBs are funded to provide accommodation for approved projects for controlled schools. Approved accommodation for schools in the other sectors is funded by the individual school authorities with grants paid by DE, with the exception of school meals accommodation for maintained schools, which is provided by ELBs. DE funds the ELBs for capital expenditure and pays capital grants to the maintained, VG, Grant-maintained Integrated (GMI), and Irish-medium schools on approved capital expenditure.
- 6.7 The minor works programme is also funded from the capital budget. This programme mainly consists of projects costing under £300,000 and includes a wide variety of schemes ranging from playground refurbishment to the provision of new classrooms. The minor works budget also funds school development in the Integrated and Irish-medium sectors, and the Disabled Access Programme to meet

the requirements of pupils with special needs. Applications for minor works are submitted to DE by individual school authorities and, in the case of Catholic maintained schools, by the Council for Catholic Maintained Schools (CCMS).

- 6.8 Minor works carried out in controlled schools by the ELBs are also projects costing under £300,000. DE allocates resources for minor works to the ELBs on an annual basis. Within these allocations the ELBs determine their overall annual programme of works. All ELBs have arrangements in place under which they determine priorities for minor works and temporary accommodation. These arrangements cover health and safety works, further accommodation for pupils of compulsory school-age, school meals provision, needs arising from room conversions, and unsatisfactory accommodation.

Schools-related Current Expenditure

- 6.9 Schools-related current expenditure in 2006/07 amounts to £1, 595m (net of the £11m estimated income described in Paragraph 5.11). In 2006/07, £611m (approximately 38 per cent) of this current expenditure relates to three categories of funding: ELB centre budgets, earmarked allocations, and other schools-related current expenditure.

ELB Centre Budgets

- 6.10 ELB centre budgets in 2006/07 account for £377m (approximately 24 per cent) of schools-related current expenditure. These budgets cover a range of services, including special schools, home-to-school transport, school meals, the Curriculum Advisory and Support Service (CASS), landlord maintenance, Special Educational Needs (SEN) provision in mainstream (i.e. non-special) schools, teacher substitution costs outside the scope of schools' delegated budgets, pupil support measures, and ELB headquarters' administration.
- 6.11 ELB centre budget allocations are made through a formula known as the Assessment of Relative Needs Exercise (ARNE), which is designed to ensure that allocations are made in a way that reflects the needs of different areas (including pupil numbers and levels of social disadvantage). The arrangements for distributing the current centre resources for schools-related and miscellaneous services between the ELBs were last reviewed in 2002. The review introduced a

revised ARNE in 2003/04 that is currently being phased in. In 2006/07, ELBs received their centre allocations based on a 75 per cent revised ARNE/25 per cent old ARNE split. In 2007/08, all allocations will be made under the revised formula.

Earmarked Allocations

6.12 Earmarked allocations in 2006/07 account for £152m (approximately 9 per cent) of schools-related current expenditure and relate primarily to a range of educational initiatives. Earmarking is used by DE to ensure that a specific amount of money is spent on a specific initiative. Certain parts of this funding will be allocated to schools over and above their delegated budgets. Initiatives for which earmarked allocations have been made in 2006/07 include:

- Classroom 2000 Information and Communications Technology (ICT) provision;
- the Children and Young People's Funding Package;
- pre-school initiatives;
- the Making a Good Start in Primary 1 and 2 programmes;
- school improvement programmes;
- SEN provision;
- discipline strategy;
- curriculum development, post-primary reform; and
- provision for Private Finance Initiative/ Public Private Partnership (PFI/PPP) and certain equipment costs.

Other Schools-related Current Expenditure

6.13 In addition to the £529m (approximately 33 per cent) of schools-related current expenditure described in the two categories above, there is in 2006/07 a further £82m (approximately 5 per cent) allocated as follows:

- £23m for VG and GMI schools' grant-aid outside the scope of these schools' delegated budgets;

- £24m for DE's administration costs;
- £23m for the Council for Curriculum Examinations and Assessment (CCEA);
- £4m for CCMS; and
- £8m for a range of miscellaneous educational services.

Local Management of Schools (LMS) Scheme

- 6.14 In 2006/07, £995m (approximately 62 per cent) of schools-related current expenditure (over half of the education budget) was distributed to schools' delegated budgets. This delegation level represents a key ministerial decision about the extent to which decisions on funding priorities are either made centrally or devolved to individual schools. The Northern Ireland delegation level of 62 per cent is lower than in England where Local Education Authorities have been set tough targets to increase the level of delegated resources in individual schools' budgets. As a result, levels of delegated funding in England typically exceed 80 per cent and though targets for the overall level of delegation to schools have not been set since 2003, there are still mechanisms to limit the level of centrally held resources.
- 6.15 Even after taking account of those funds initially held centrally but subsequently distributed to individual schools' budgets, the proportion of funding delegated to schools in Northern Ireland (around 69 per cent) is still lower than in England. Comparisons need to take account, however, of differences between the two countries' school systems. These differences include the way in which nursery school provision and Special Schools are funded, the larger proportion of smaller schools in Northern Ireland, levels of rurality, and the role of programmed (earmarked) funding.
- 6.16 The £995m delegated to individual schools' budgets for 2006/07 is known as the Aggregated Schools' Budget (ASB). The delegation of the ASB is conducted under the LMS Scheme for the financing of schools (other than special schools) in Northern Ireland. This was first introduced in 1991 and allows for the delegation of financial and managerial responsibilities to schools. The management of a school's budget is then determined by the Board of Governors and the Principal, who are best placed to make decisions on relative priorities and the most effective

use of resources in accordance with their School Development Plan. Under the current arrangements introduced in April 2005, all schools' budgets are determined by the Common Funding Formula (CFF) within the LMS scheme, which deals both with the arrangements for delegated funding and the arrangements whereby schools, in certain circumstances, can seek resources from centrally held funds.

Common Funding Formula

6.17 Until 2004, delegated school budgets were determined under seven separate LMS formulae, one in each of the five ELBs, and a further two operated by DE for VG and GMI schools. The introduction of a single funding formula in April 2005 for all schools sought to ensure that the calculation of all school budgets was consistent, transparent and provided schools of similar size and characteristics with similar funding regardless of sector or geographic location. The move from seven separate funding formulae inevitably created changes in the relative levels of funding received by individual schools. Transitional arrangements (see Paragraph 6.32) were put in place, therefore, for the first two years of operation of the new formula (2005/06 and 2006/07) to help schools, particularly those with financial reductions, to manage the move to their new funding allocations.

Factors Within the Common Funding Formula

6.18 DE calculates the formula allocation for all schools and provides each funding authority with details of the allocation for every one of its schools. The calculations are made using the range of factors that exist within the CFF and that have been developed to reflect the main costs associated with the running of a school. These are:

- pupils' ages and year groups;
- premises-related costs;
- the incidence of educational under-achievement;
- pupils from socially deprived backgrounds;
- above average teaching salary costs;

- the educational needs of pupils for whom English is an additional language;
- children of the Travelling Community and of service personnel;
- allocations for sports;
- the additional costs that VG and GMI schools incur in providing services that, in the case of maintained and controlled schools, are undertaken by the ELBs; and
- curriculum support for small schools.

6.19 The challenge of determining the factors within the formula, and the values associated with them, is how best to balance the differing needs of schools and to ensure that those needs are met within the available resources. In total there are fifteen factors. The four main factors, in terms of the proportions of ASB they distribute, are the:

- Age Weighted Pupil Unit Factor (AWPU);
- Premises Factor;
- Targeting Social Need Factor (TSN); and
- Small Schools Support Factor.

In 2006/07, funds distributed under the CFF using these four factors represent 96 per cent of the ASB, as Figure 6.1 illustrates. An explanation of these factors is provided below.

6.20 The *AWPU Factor* is the most significant within the CFF: £815m (82 per cent) of the 2006/07 ASB of £995m is allocated according to this factor. Pupil numbers are weighted to reflect the different costs associated with educating pupils of different ages. Allocations under this factor are calculated by multiplying the total number of AWPU generated by the pupils in a school by the AWPU cash value. The 2006/07 AWPU weightings are set out in Table 6.1.

6.21 There are currently around 2,500 primary-age pupils funded in 16 preparatory departments of grammar schools, about 1.5 per cent of all primary age pupils in 2006/07. The lower rate of grant-aid for pupils in preparatory departments

(0.4 AWPU) is based on 30 per cent of the teaching costs for these pupils. This lower rate recognises that such preparatory departments charge fees and that a parent's ability to pay this fee is the main criterion for admission.

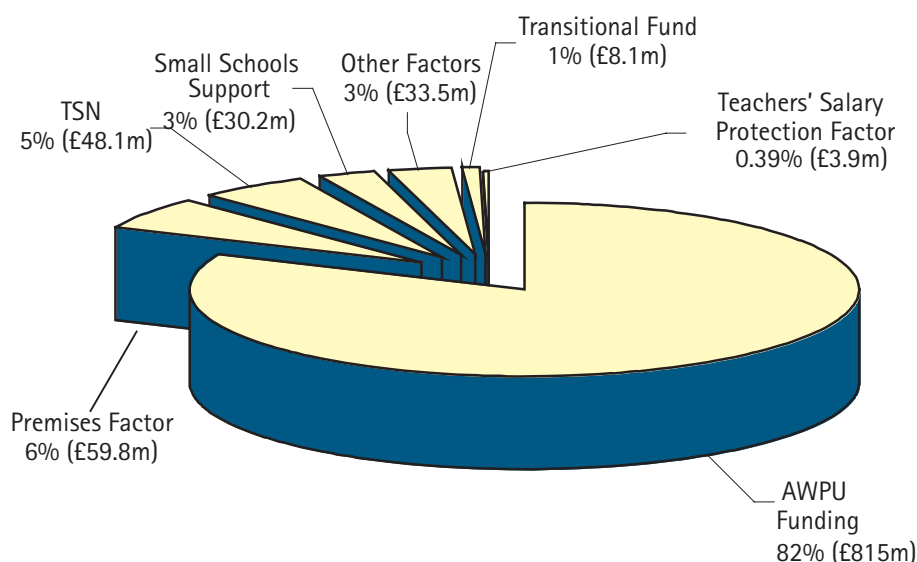


Figure 6.1: Distribution of the Aggregated Schools Budget According to Factors within the Common Funding Formula, 2006/07^a

Source: Common Funding Formula allocations, 2006/07.

Note:

^aPercentages rounded to nearest whole number except Teachers Salary Protection Factor.

6.22 The *Premises Factor*, according to which £59.8m (6 per cent) of the ASB is distributed in 2006/07, is designed to allocate resources to schools in a way that reflects their responsibilities in maintaining and managing school buildings, including internal decoration, heating and lighting, cleaning and caretaking. This factor reflects both the size of the school premises and the number of pupils enrolled at the school in the following proportions:

- Size element: 40 per cent of the funding allocated under this factor is distributed according to the size of the school building (£7.87 per square metre in 2006/07).

Table 6.1: AWPU Weightings, 2006/07

School Type	Weights
Nursery	
Full-time nursery school pupils	1.452
Part-time nursery school pupils	0.955
Full-time nursery class pupils	1.350
Part-time nursery class pupils	0.895
Primary	
Primary reception pupils	1.010
Primary years 1-7	1.010
Primary special unit pupils years 1-7	0.780
Infant school mainstream weighting	1.010
Infant school special unit weighting ^a	0.780
Preparatory department pupils primary years 1-7	0.400
Post-primary	
Post-primary years 8-12	1.680
Post-primary years 13-14 ^b	2.180
Post-primary special unit pupils years 8-14 ^{a,b}	1.280
Senior high years 11-12	1.848
Senior high special unit years 11-12 ^a	1.408

Source: DE.

Notes:

^aThe cost of approved teaching and non-teaching staff in Special Units attached to schools are met centrally for each funding authority outside of the delegated Common Funding Formula. This arrangement is reflected in a reduced AWPU weighting for pupils in Special Units. Schools also receive a lump sum of £3,000 for each Special Unit.

^bIncludes Year 15 pupils not zero-rated.

- Pupil element: 60 per cent of the funding is distributed on a per pupil basis (£111.43 per pupil in 2006/07).

Table 6.2 shows how the Premises Factor distributes funds to schools according to the number of pupils in 2006/07.

Table 6.2: Allocation of Premises Factor by Pupil Size Band, 2006/07

Full-time Equivalent Banding	Total Number of Schools	Total FTE	Total Funding Allocated under Premises Factor (£)
Primary schools			
< 51	114	3,871	759,463
51 – 100	219	16,265	2,811,010
101 – 200	254	37,738	6,517,921
201 – 300	123	30,318	5,030,680
301 – 400	90	31,517	5,036,846
401 – 500	40	17,528	2,764,737
> 500	46	28,185	4,300,232
Post-primary schools			
< 201	18	2,878	929,296
201 – 300	19	4,875	1,288,628
301 – 400	23	8,191	1,971,897
401 – 500	26	11,848	2,579,609
501 – 550	13	6,782	1,385,031
551 – 600	10	5,733	1,248,636
> 600	121	113,938	22,415,249

Source: Common Funding Formula allocations, 2006/07.

6.23 The *TSN Factor*, according to which £48.1m (5 per cent) of the ASB is distributed in 2006/07, has two elements:

- A social deprivation element, which recognises the additional costs faced by schools in educating children from socially deprived backgrounds, regardless of ability, and the particular challenges faced in schools with high proportions of children from such backgrounds.
- An educational need element, which allows for educational underachievement and low attainment. It is designed to assist schools in meeting the needs of those pupils who do not have a formal statement of SEN, but nevertheless have significantly greater difficulty in learning than the majority of children of their age (regardless of social background) and who require additional support.

6.24 Table 6.3 shows how TSN allocations are made using these two elements in 2006/07. The calculations under both elements of the TSN Factor are determined using 'cash values' associated with appropriate weightings, based on the proportion of pupils with assessed needs. These calculations skew funding towards those schools that draw large proportions of their pupils from the more disadvantaged areas of Northern Ireland.

Table 6.3: Allocations Under the Targeting Social Need Factor, 2006/07

Social Need Factor	Funding 2006/07 (£)	% of Total Targeting Social Need
Nursery^a		
School social deprivation funding	908,366	1.9
Class social deprivation funding	858,660	1.8
Total	1,767,026	3.7
Primary		
Social deprivation funding	11,425,518	23.8
Educational need (based on FSME)	5,821,160	12.1
Educational need (based on Warnock)	6,365,826	13.2
Total	23,612,504	49.1
Post-primary		
Social deprivation funding	11,394,685	23.7
Educational need (based on Key Stage intakes)	11,361,429	23.6
Total	22,756,114	47.3
Total Targeting Social Need funding in 2006/07	48,135,644	100.0

Source: Common Funding Formula allocations, 2006/07.

Note:

^aThe social need factor for nursery-age pupils applies both to stand-alone nursery schools and to nursery classes within primary schools.

6.25 For primary and post-primary schools, the measure currently used as a proxy for social disadvantage is Free School Meal Entitlement (FSME) and this element of funding is allocated in three bandings, with appropriate weightings applied to each band to determine the associated per pupil funding. There is a baseline band

for schools that have an average or below-average number of pupils with FSME, and two further bandings for schools with an above-average number of pupils with FSME. Although there is extensive research that demonstrates a link between entitlement to free school meals and social disadvantage, there are concerns that parents are reluctant to establish their children's entitlement to free school meals because of the stigma felt to be associated with it. DE, therefore, continues to keep under review its arrangements for allocating TSN funding.

- 6.26 For primary schools, funding under the educational need element is distributed using two indicators of need: FSME (reflecting the close correlation between social disadvantage and educational underachievement) and the Warnock Factor, which assesses the likely proportion of pupils who require additional support for learning. The latter factor derives from the Warnock Report (1978), which suggested that at any one time, 20 per cent of the full range of pupils would have a special educational need, including 2 per cent who require a "formal statement" of this need. Funding under the educational need element for TSN in primary schools, therefore, uses 18 per cent of the total primary-age pupil enrolment at each school (that is 20 per cent, less the 2 per cent assessed as stated, as they will be funded separately based on their statement of SEN; see Chapter 7). Funding is distributed by calculating the 18 per cent proportion and multiplying that number by a cash value (£223 in 2006/07).
- 6.27 For post-primary schools, funding under the educational need element is distributed on the basis of "entrant" year-groups' Key Stage assessment results for English and Mathematics as these are accredited measures of the educational attainment of individual pupils. This method is to be reviewed urgently, however, given the recent decision that Key Stage 2 assessment should no longer be compulsory.
- 6.28 For nursery schools and nursery classes attached to primary schools, the TSN Factor consists only of a social deprivation element. Funding is allocated on an incremental basis (using the banding methodology referred to in Paragraph 6.25) according to the proportion of pupils at a school listed in the School Census as having a parent in receipt of Income-based Job Seekers Allowance or Income Support.
- 6.29 The *Small Schools Support Factor*, according to which £30.2m (3 per cent) of the ASB is distributed in 2006/07, recognises that small schools are a feature of

education provision in Northern Ireland because of the sparsity of the population and the diversity of school provision. This factor is included within the CFF because the remaining factors within the formula are largely based on pupil numbers and, therefore, do not provide sufficient financial resources for small schools to enable them to deliver the full curriculum while containing expenditure within budget. This factor targets additional support towards smaller schools to facilitate the effective delivery of the curriculum and, in the case of primary schools, to provide some support to principals to enable their release from a full-time teaching commitment in order to undertake management and administrative responsibilities.

- 6.30 The high proportion of smaller schools in Northern Ireland (see Chapter 7) creates a significant funding requirement for small schools (particularly small primary schools). Over 72 per cent of all funding under this factor is directed to primary schools with enrolments of 200 or less, and a further 18 per cent to post-primary schools with enrolments of 400 or less. Maximum funding support is provided to those schools below certain thresholds: in primary schools the maximum level of support (£40,915 in 2006/07) is provided to schools with primary enrolments of 100 or less, tapering to zero for schools with 300 or more pupils; at post-primary level, maximum funding (£115,927 in 2006/07) is allocated to those schools with post-primary enrolments of 200 or less, tapering to zero for schools with 550 pupils or more. Table 6.4 shows how this money is distributed by school size in 2006/07.
- 6.31 There is some indication that despite the support provided to small schools, they face greater challenges in containing expenditure within budget. An analysis of ELB-controlled schools' budgets at the end of the 2005/06 financial year showed that of the 691 primary schools with 300 pupils or less, 304 (44 per cent) of them were in deficit (i.e. expenditure was in excess of their budget allocation). This compares with the 38 per cent (57 out of 151) of primary schools with between 301 and 600 pupils that were in deficit. At post-primary level, 36 of the 85 schools (42 per cent) with 550 pupils or less were in deficit compared with 26 of the 78 (33 per cent) of the schools with more than 550 pupils. Clearly, the extent to which individual schools manage their budgets effectively is also a factor in such deficits.

Table 6.4: Funding Under the Small Schools Support Factor, 2006/07

FTE Banding	Total Number of Schools	Total FTE	Small Schools Factor
Primary schools^{a,b}			
< 51	114	3,871	4,664,345
51 – 100	219	16,265	8,960,452
101 – 200	254	37,738	8,207,405
201 – 300	123	30,318	1,776,133
301 – 400	90	31,517	72,216 ^b
401 – 500	40	17,528	
> 500	46	28,185	
Total			23,680,551
Post-primary schools^{b,c}			
< 201	18	2,878	2,086,681
201 – 300	19	4,875	1,893,248
301 – 400	23	8,191	1,508,372
401 – 500	26	11,848	853,551
501 – 550	13	6,782	149,380
551 – 600	10	5,733	
> 600	121	113,938	
Total			6,491,232

Source: Common Funding Formula allocations 2006/07.

Notes:

^aSmall schools support factor funding tapers to zero for primary schools of 301 or more pupils.

^bEnrolments include nursery class and primary-age pupils. Funding is based on primary-age enrolments only, i.e. excluding nursery-class pupils.

^cSmall schools support factor funding tapers to zero for post-primary schools of 551 or more pupils.

6.32 Once the money distributed under the AWPU Factor, the Premises Factor, the TSN Factor, and the Small Schools Support Factor is accounted for, then, as Figure 6.1 illustrated, £41.6m (4 per cent) of the ASB remains. This money is being distributed in 2006/07 using eleven smaller factors (approximately 3 per cent or £33.5m) and the "Transition Fund" (approximately 1 per cent or £8.1m). The eleven smaller factors, and the monies allocated according to them in 2006/07, are detailed in Table 6.5. The £8.1m allocated under the Transition Fund relates to the 2006/07 transitional arrangements (see Paragraph 6.17) that were put in place for the first two years (2005/06 and 2006/07) of operation of the CFF to help schools, particularly those with financial reductions, to manage the move to their new funding allocations.

Table 6.5: Breakdown of Allocations Under Other Factors, 2006/07

Factor	Amount (£m)	% Aggregated Schools Budget
Landlord maintenance	9.0	0.90
Administrative costs	7.5	0.75
Sports factor	4.8	0.48
Teacher salary protection	3.9	0.39
VAT costs	3.7	0.37
Children with English as an additional language	2.5	0.25
Children of the travelling community	0.6	0.06
Irish-medium schools and units	0.6	0.06
Children of service personnel	0.5	0.05
Special units	0.5	0.05
Transitional fund	8.1	0.81
Total	41.7	4.19

Source: Common Funding Formula allocations, 2006/07.

6.33 The other smaller factors by and large reflect certain sectoral needs and a variety of pupil needs. An important exception, however, and one related to a point that has emerged in this Review's consultation, is the *Teachers' Salary Protection Factor*. This factor recognises that funding allocated largely on a per pupil basis will not account for the degree to which staff costs can, in some schools, account for a greater proportion of their delegated funding than in other schools. Under the LMS Scheme, schools are responsible for determining their own staff numbers (teaching and non-teaching) and, consequently, their staff costs. These costs can typically represent 80 per cent or more of the school's overall budget. Although schools of all sizes can experience above average teaching costs, larger schools with more staff are more likely to have a balanced range of salaries. Even if larger schools do have relatively high salary costs – due to having, for instance, a large number of staff further advanced along the pay scale – they will have greater scope to deal with this within their proportionately larger delegated budget.

Smaller schools, by contrast, will be more likely to have an unbalanced range of salaries and, within their smaller delegation, less scope to accommodate them.

- 6.34 Where a school has above average teacher salary costs, the Teachers' Salary Protection Factor provides a compensatory amount, taking account of the number of teachers employed and the extent to which the school's salary bill is above average. Currently, compensation is payable at 80 per cent of the above average costs for schools of 4 teachers or less, tapering to zero for schools of 30 teachers or more. Table 6.6 illustrates how this factor allocates funds in 2006/07.

Table 6.6: Teachers' Salary Protection Factor Funding, 2006/07

Type of School	Amounts (£)
Nursery schools	189,935
Primary schools	3,480,970
Post-primary schools	259,029
Total	3,929,934

Source: Common Funding Formula allocations, 2006/07.

Observations on the Local Management of Schools Scheme

- 6.35 Consultation with stakeholders highlighted that the LMS funding formula should be a major area of consideration for this Review. The first issue, which overarches many of the others, is the extent to which Northern Ireland's individual schools' budgets should be delegated to those who manage schools.
- 6.36 A range of views were expressed on the current level of delegation (roughly 69 per cent in 2006/07). Some thought that any reduction in the level of delegation would be a retrograde step, effectively increasing the centralisation of school funding and disempowering those managing and delivering services at the front line. Some urged an increase in the level of delegation to give schools more scope to manage their own affairs. At the same time, however, the difficulties that some schools have in managing their own budget led some parties to urge that a substantial part of an individual school's delegation – resources to cover teachers'

salaries and other staff costs – should be removed from the delegation and allocated on a different basis.

- 6.37 This last point was considered to be of particular relevance for smaller schools. The high proportion of schools' delegated budgets that is spent on staff costs means, for instance, that there is little scope for local management decisions in smaller schools. Despite the Teachers' Salary Protection Factor, DE acknowledges that there is a need to ensure that the CFF's methods of calculation distribute resources equitably and accurately across all schools and reflect their needs.
- 6.38 The crucial point, however, is that the LMS scheme and the CFF are currently applied to a school system with a great range of characteristics. To some degree, this will always be the case given that there will always be a need to have schools of different sizes and characteristics and in different parts of the community. But as we will see in Chapter 7, the Northern Ireland school system has too many schools for its pupil numbers. This is important context for this Review's consideration of the LMS scheme and the CFF. Small school budgets, for instance, are clearly more difficult to manage than those of larger schools – particularly because of the dominant pressure of staff costs. The cause of these difficulties, however, is not the principle of delegation or of autonomy in these smaller schools. It is the greater costs and pressures faced by those providing education on a small scale.
- 6.39 There is not a strong case, therefore, for reducing the level of delegation within individual school budgets or for removing any aspect of that delegation. Those at the front-line of service delivery are best placed to decide their priorities. Because staff costs for many schools – particularly small schools – account for all but a small fraction of their delegated budget, and leave them little scope for flexibility and decision-making, there is a strong case for an increased level of financial delegation in the interests of enabling more genuine discretion at school level. The comparison with England's levels of delegation (in excess of 80 per cent) suggests that there is considerable scope for such an adjustment.
- 6.40 Indeed, increasing the level of delegation, granting more autonomy to individual schools and empowering them further, may also facilitate and support collaboration among schools and help them to realise economies of scale and mutual benefits through partnership. A further point emerging from this Review's consultation was the perception, among some, that the CFF fosters competition

between schools, due to the large degree to which it is based on enrolments. The ELBs, for instance, considered that the CFF should be amended to reduce schools' reliance on the AWPU Factor.

- 6.41 The CFF and its effects need to be considered in the context of a multi-sectoral education system with too many schools and too many school places. Given the largely pupil-weighted nature of the CFF, schools are keen to maintain or increase their enrolments. Their success in doing so – increasingly in a situation of falling pupil numbers – depends to a large extent on the perception of the school by its prospective parents in an environment of parental choice, open enrolment, and current school transport arrangements. Choice and the more efficient and even distribution of resources would, however, be more likely to coincide if there were a rationalised schools' estate of fewer, and larger schools, in which each received a greater share of funding, each had greater scope for making their own decisions, and each was more capable of realising economies of scale. In the transition to such an estate there is, therefore, a need, alongside the CFF, to encourage schools and, where appropriate, colleges of further education to co-operate and collaborate in order to achieve economies of scale comparable to those possible in larger schools.
- 6.42 The CFF must, therefore, continue to ensure that funding follows the pupil, but it should be complemented by funding and incentives that lead schools to work in partnership and gain access to and share one another's resources. In addition to the government, philanthropic bodies could also usefully support developments in this area. The need for this is not just to offset some of the effects that a largely per pupil funding system will have on the various types and sizes of schools. It is also because the current package of major educational reforms – not least the introduction of the Entitlement Framework, the "Shared Future" agenda, and the development of a fit-for-purpose schools' estate – bring with them a new imperative for schools to work in partnership and develop mutually beneficial arrangements, not only to reduce costs but also to promote integration and ensure that all children have access to the full range of their entitlement. The ways in which funds are distributed to schools need to be in harmony with this imperative.
- 6.43 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 (described in Paragraph 6.21) 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 (see Chapter 7). 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.

Accountability

- 6.44 There exist, alongside these arrangements for distributing public funds to budget-holders, a series of mechanisms designed to hold them to account and monitor and evaluate their performance. DE's Permanent Secretary is the principal Accounting Officer with overall responsibility for the education budget. He is accountable to the Minister and is personally answerable for the propriety and regularity of the public finances for which he is responsible, and for the efficient and effective use of all the resources available to DE. The bulk of the budget is allocated to the ELBs, either for delegation directly to controlled and maintained schools or to fund the core services provided centrally by each ELB (for example, transport, meals, special education services). As designated Accounting Officers, ELB chief executives are also personally responsible for ensuring the efficient and effective use of all public funds allocated to them.
- 6.45 Under current arrangements, the amounts "passported" via ELBs to controlled and maintained schools under LMS arrangements (determined through the funding formula and ring-fenced for use by schools) cannot be diverted to fund other areas of activity. Under legislation, ELBs can incur expenditure only in accordance with an approved Resource Allocation Plan (RAP). It is through these RAPs that ELBs are held to account both for the use of resources and for the outcomes and performance delivered through those resources. The RAP provides details of how each ELB has chosen to allocate its non-delegated budget across its key functional areas as well as performance targets that are directly linked to the outcomes and targets contained in DE's Public Service Agreement (PSA) and the Strategic Plan for Education. Those targets include specific targets relating to educational performance.

- 6.46 Similar, though not identical, arrangements apply to CCEA, CCMS, the Comhairle na Gaelscolaíochta (CnaG); and the Northern Ireland Council for Integrated Education (NICIE). DE approves an annual work-plan and budget for each of the four bodies and holds each of them accountable for the achievement of their work-plan objectives within the resources they have been allocated. There are not the same accountability relationships in place between DE and individual schools. As noted above, ELB chief executives bear overall accountability for the public funds provided to schools and for educational outcomes in their areas. School Boards of Governors are accountable for their use of resources to the relevant funding body. Schools are now required by law to have School Development Plans, and decisions on the use of financial resources at school level should be guided by the desired educational outcomes set out in these plans.
- 6.47 In addition, a vital part of maintaining rigour and accountability within the system is played by Northern Ireland's independent Education and Training Inspectorate (ETI), which inspects, evaluates and reports on the quality of education, training and youth provision in Northern Ireland. Normally, the inspection programme for Northern Ireland's schools follows a seven-year cycle with more frequent inspection of a school being undertaken where necessary, need being identified by information from school performance indicators and contacts with schools by inspectors at local level. The inspection programme for each year may be adjusted to meet the particular needs of the three departments served by ETI (Department of Culture, Arts and Leisure, Department for Employment and Learning, and DE) and to provide up-to-date advice on the implementation and development of policy. There are a number of key areas of focus for inspection, including ethos, learning and teaching, leadership and management, and the standards achieved by the pupils, including literacy, numeracy and ICT. Provision for SEN is emphasised as is the quality of pastoral care and the arrangements for child protection.
- 6.48 These accountability arrangements are subject to the major changes that will take place before 2008 under the Review of Public Administration (RPA). These will amalgamate and simplify the education landscape into a smaller number of bodies, including a central government department focused on policy, strategy, monitoring and accountability, supported in the delivery of services by a single Education and Skills Authority (ESA). A full account of these structural changes is given in Chapter 2. If these changes are accompanied by an increase in the levels

of delegated funds within school budgets (as recommended by this Review), then it will, of course, be important to ensure that this further empowerment of school budget managers is matched by a corresponding strengthening of the means by which they are held to account.

Conclusions and Recommendations

6.49 This chapter has described how the education budget is distributed to the education system. It has focussed, therefore, on the LMS Scheme and the CFF and given an account of how these are designed to allocate delegated funds to individual school budgets in a manner that is fair, transparent and responsive to need. This account has identified four areas to be taken forward in recommendations. First, the overall level of delegation within school budgets and its importance in delivering real autonomy to schools and increasing their ability to make decisions, manage their own particular needs, and explore the potential of collaboration with other schools. This argues against the exclusion of school staff costs from individual schools' delegated budgets. Second, the calculations within the CFF should be as sensitive to individual schools' needs as possible. Third, schools should receive, in addition to their CFF allocation, financial incentives to collaborate with other schools, and Further Education Colleges, in order to realise benefits and to overcome difficulties collectively in a way that would not be possible individually. Fourth, in the context of a funding system seeking fairness and sensitivity to pupil need, the continuation of the part-funding of fee-charging preparatory departments in grammar schools is inconsistent.

6.50 Given the evidence and arguments presented in this chapter, we recommend:

1. The degree to which schools have control of their own budgets should be maximised, with appropriate arrangements for accountability put in place.
2. In addition to a delegated budget, schools should receive financial and other incentives to share resources and deliver improved provision in collaboration with other schools.
3. The budgets delegated to schools should continue to include resources for teachers' salaries and other staff costs.

4. The methodology used to distribute resources to schools through the Common Funding Formula should be reviewed to ensure that delegations under the formula reflect the costs of the main needs of schools.
5. The rationale for funding preparatory departments in grammar schools should be reviewed.

- 7.1 This chapter examines how effectively and efficiently the Northern Ireland education system uses the public funds allocated to it as set out in Chapter 6. Consideration is first given to the effectiveness of the education system as demonstrated in the performance of those who teach in it, the performance of those it serves, and the degree to which it prepares pupils for the world of work. This is done, in the main, by comparing the attainment levels of Northern Ireland's pupils with those of other countries. The efficiency of the education system is then considered, particularly those features – pupil/teacher ratios, the schools' estate, the multi-sectoral system, and surplus capacity – that would appear to add costs or reduce effectiveness, or both, and which have a significant bearing on the issue of school sustainability. The performance of the system, together with the extent to which it presents opportunities for improvement, allows for an overall assessment of its effectiveness and efficiency.

Performance of the System

Teachers

- 7.2 The efficiency and effectiveness of an education system are substantially determined by the quality of its workforce. Taking schools managed by the ELBs as a considerable sample, approximately 84 per cent of the resources distributed to schools in 2004/05 was spent on teachers, non-teaching staff, and other staff pay costs. The effectiveness of this investment is the single most important factor in the quality of education provision.
- 7.3 The findings of inspections conducted by the Education and Training Inspectorate (ETI) in the period 2004-06 reported positively on the quality of lessons in Northern Ireland. Of the 3,324 primary school lessons charted in Figure 7.1, 90.5 per cent were judged by ETI to be either "good (ranging to outstanding)" – the 1256 lessons (37.8 per cent) charted under Category 1 – or "satisfactory (ranging to good)" – the 1753 lessons (52.7 per cent) under Category 2. Of the remainder, the 299 lessons (9 per cent) under Category 3 were considered to be "fair (ranging to satisfactory)", and the 16 lessons (0.5 per cent) under Category 4 were considered to be "poor".

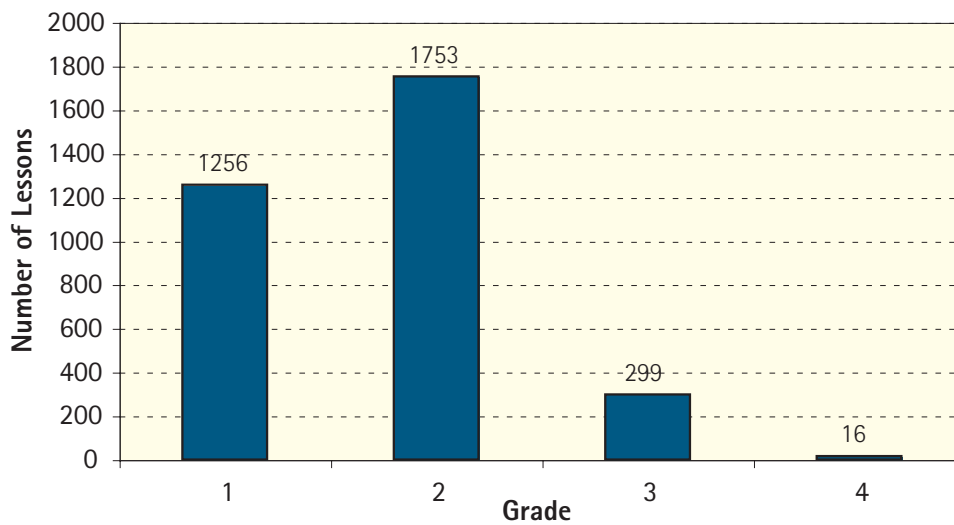


Figure 7.1: Lessons by Grade, Primary Schools in Northern Ireland, 2004-2006

Source: ETI.

Figure 7.2 shows a similarly positive profile for lessons in post-primary schools where, for instance, 83 per cent of lessons (i.e. the Grade 1 and 2 lessons) were judged by ETI to be either "good (ranging to outstanding)" or "satisfactory (ranging to good)".

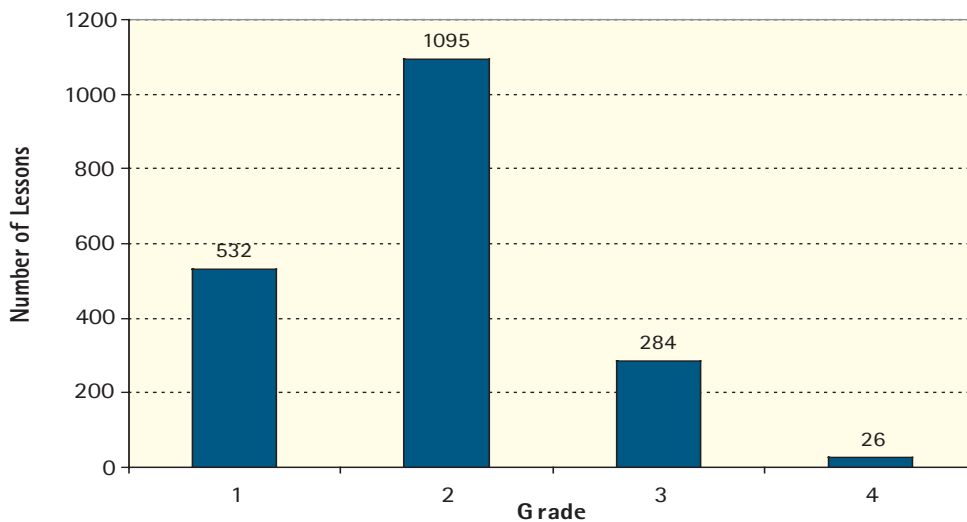


Figure 7.2: Lessons by Grade, Post-primary Schools in Northern Ireland, 2004-2006

Source: ETI.

- 7.4 In terms of evaluations of schools as a whole, of the 301 schools inspected, 12 per cent (36 schools) were categorised as Grade 3 (weaknesses outweigh strengths) or 4 (significant weaknesses). The inspectors also observed that, in the best practice, relationships at all levels were very good and there was a collegiate approach to the work of the school. Teachers used a wide range of teaching strategies to meet the individual learning needs of pupils, made good use of available data to improve standards, and provided a broad and balanced curriculum. Areas for improvement were identified in a minority of schools, and these included the better dissemination of good practice, the need to ensure that children of all abilities are challenged, that teachers' planning is improved, and that teaching strategies in literacy and numeracy are reviewed.
- 7.5 Clearly, the current teaching workforce performs well and, looking to the long-term, the flow of future teachers would suggest the continuation of that strong performance. Competition for places on initial teacher education courses in Northern Ireland remains intense and, unlike England, Northern Ireland has generally not experienced difficulties over teacher supply and recruitment. All the courses offered by Northern Ireland's four main initial teacher education providers (Stranmillis University College, St Mary's University College, Queen's University Belfast, and the University of Ulster) are heavily over-subscribed, with up to eight times more applications than places. Thus the calibre of successful candidates remains high: for example, the average GCE A-level points score for successful applicants for Stranmillis University College and St Mary's University College is 325 (equivalent to 1 'A' and 2 'B's').

Educational Attainment

- 7.6 The ultimate measures of the effectiveness (and, to some degree, of the efficiency) of the Northern Ireland system are the achievements of its learners and the extent to which they are equipped for employment and a fulfilling life. As Tables 7.1, 7.2, 7.3, and 7.4 show, Northern Ireland attainment levels at all of the important stages in a child's and young person's learning (ages 11, 14, GCSE, and GCE A-level) were, at the beginning of the last seven years, ahead of those in England, Wales, and (where comparisons can be made) Scotland.
- 7.7 Table 7.1 shows that over the seven-year period, and within a picture of general improvement for all four of the United Kingdom countries, Northern Ireland's

Table 7.1: United Kingdom Key Stage 2 Attainment, 1998/99–2004/05

Attainment Group	Country	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04 ^a	2004/05
% of pupils achieving Level 4 at Key Stage 2 English (Age 11)	Northern Ireland	69	72	73	74	76	n.a.	77
	England	68	70	72	73	72	74	75
	Wales	67	70	73	76	76	77	79
% of pupils achieving Level 4 at Key Stage 2 Maths (Age 11)	Northern Ireland	74	75	76	77	78	n.a.	79
	England	69	72	74	74	74	75	76
	Wales	69	71	75	75	76	78	80

Source: DE, Department for Education and Skills (DfES), National Assembly for Wales.

Note:

^aNorthern Ireland data for Key Stage 2 are not available for 2003/04 because of industrial action.

levels of attainment at Key Stage 2 (KS2) have largely remained higher than England's but, in 2004/05, were marginally lower than those of Wales (there are no Scottish equivalents to KS2 and Key Stage 3 (KS3) results). Table 7.2 shows a similar pattern of improvement for all countries, within which Northern Ireland, in 2004/05, has maintained higher levels of attainment than those of Wales, but in recent years has levels marginally lower than those of England. In KS3 Mathematics, as highlighted above, Northern Ireland's attainment levels have increased only marginally (by 1 per cent) over the period, whereas attainment levels in both England and Wales have increased more substantially, albeit from a significantly lower baseline.

Table 7.2: United Kingdom Key Stage 3 Attainment, 1998/99–2004/05

Attainment Group	Country	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05
% of pupils achieving Level 5 at Key Stage 3 English (Age 14)	Northern Ireland	68	69	72	73	72	72	73
	England	64	64	65	67	69	71	74
	Wales	61	59	62	61	63	65	67
% of pupils achieving Level 5 at Key Stage 3 Maths (Age 14)	Northern Ireland	70	67	69	73	71	72	71
	England	62	65	66	67	71	73	74
	Wales	60	61	62	62	68	71	71

Source: DE, DfES, National Assembly for Wales.

7.8 From age 14 onwards, however, the attainment rates (as measured by the results of public examinations) have increased more evenly across the United Kingdom. Northern Ireland's relatively higher attainment levels at the start of the period have, therefore, largely remained in place. Table 7.3 shows that Northern Ireland's strong comparative performance is particularly evident at GCSE. All four countries have a relatively stable attainment rate in terms of 5+ GCSEs (A-G), and all are within a narrow range for this measure. In terms of the percentage of pupils achieving 5+ GCSEs (A*-C), however, Northern Ireland has the highest attainment levels of the four United Kingdom countries. At the same time, the largely unvarying proportion of young people leaving school at 16 with no GCSEs is the lowest of all the United Kingdom countries.

Table 7.3: United Kingdom Attainment at Age 16, 1998/99-2004/05

Attainment Group	Country	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05
% of pupils achieving 5+ GCSEs (A*-C)	Northern Ireland	56	57	57	59	59	60	61
	England	48	49	50	52	53	54	57
	Scotland ^a	57	59	58	59	58	58	58
	Wales	48	49	50	50	51	51	52
% of pupils achieving 5+ GCSEs (A*-G)	Northern Ireland	87	87	87	87	87	88	89
	England	88	89	89	89	89	89	90
	Scotland ^a	91	90	90	90	90	90	89
	Wales	83	85	85	85	85	85	85
% of pupils achieving no GCSEs	Northern Ireland	3	4	4	4	4	4	3
	England	6	6	5	5	5	5	4
	Scotland ^a	5	5	5	5	5	5	5
	Wales	8	8	8	8	7	7	7

Source: DE, DfES, National Assembly for Wales, Scottish Executive.

Note:

^aComparisons with Scotland are not straightforward because of the different examination systems. Scottish pupils take National Qualifications' (Standard Grades, Intermediate 1 and 2, and Higher Grades) exams. Highers are usually taken one year earlier than A-levels.

The GCE A-level results in Table 7.4 show that Northern Ireland's attainment levels are higher than those of England and Wales. A comparison between Northern Ireland's recent and past performance further reveals the progress that has been made: the proportion of Northern Ireland school-leavers achieving 2+ GCE A-levels (A-E) has increased from 30.8 per cent to 44.3 per cent between 1994/95 and 2004/05.

Table 7.4: United Kingdom Attainment at A-level, 1998/99-2004/05

Attainment Group	Country	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05
% of pupils achieving 2+ A-levels (A-E) ^a	Northern Ireland	92	93	93	95	95	96	97
	England	86	87	89	93	93	94	95
	Wales	91	92	93	94	94	95	94

Source: DE, DFES, National Assembly for Wales.

Note:

^aThe percentage expressed here is the proportion of pupils in the final year of an A-level course.

- 7.9 Looking further afield, Northern Ireland also fares well in studies comparing the educational performance of children across the world. The 2003 Programme for International Student Assessment (PISA) study of educational performance in forty-one countries, conducted by the Organisation for Economic Co-operation and Development (OECD), indicates that, among 15 year-old pupils, only three countries (Finland, Korea and Canada) had a significantly better mean score in reading literacy than Northern Ireland; in terms of mathematical achievement, children from only six countries significantly out-performed children from Northern Ireland.
- 7.10 Country-level indicators of pupil attainment by their nature mask a broad range of educational attainment. This is not unusual and the OECD report mentioned above has found the gap between high and low performers in Northern Ireland to be typical. It remains, however, an important characteristic of increased educational attainment in Northern Ireland (as in other countries with recent improvement, such as England) that the upper ranges of attainment are less likely to be achieved by children from certain groups. Recent increases in attainment, for instance, are more likely to reflect improvements in the attainment of higher

performers. The recent Northern Ireland Audit Office report, *Improving Literacy and Numeracy in Schools* (March, 2006), concluded that "there has been only limited improvement among lower performing pupils in both primary and post-primary sectors". The 2005 Literacy results for KS3 suggest that approximately 6000 14 year-olds were at risk of leaving school unable to read at the expected standard (Level 5). The attainment of pupils from socially disadvantaged backgrounds, as measured by Free School Meals Entitlement (FSME), is also significantly below that of those who do not qualify for FSME. Using the qualifications of school leavers in 2004/05, Table 7.5 shows that FSME children were only half as likely to have at least 5+ GCSEs (A*-C) and were four times more likely to have no qualifications.

Table 7.5: Qualifications of School Leavers, 2004/05

Attainment Group	% Entitled to Free School Meals	% Not Entitled to Free School Meals
5 A*-C GCSEs or higher ^a	35.6	70.3
No formal qualifications ^b	8.4	2.1

Source: School Leavers Survey, DE.

Notes:

^aIncludes A-levels.

^bIncludes only those with no qualifications of any kind.

Employability

7.11 The employability of school-leavers is a key indicator of the effectiveness of an education system. Schools have a direct influence on the employability of the workforce and on overall economic wellbeing. Those with no qualifications are at greater risk of unemployment and social exclusion. The qualification levels of those in employment in Northern Ireland have been increasing over time, and the proportion of those who now leave school without a qualification (3.5 per cent) is smaller than in any other country of the United Kingdom. The legacy of underachievement is such, however, that the current overall working-age population of Northern Ireland has a much higher proportion (24 per cent) of people with no qualifications than England (13.6 per cent) and Wales (17 per cent).

Efficiency of the System

7.12 Although the effectiveness of the Northern Ireland school system can, at least in part, be seen in its performance, a complete picture of its efficiency *and* its effectiveness requires performance to be set alongside costs. In particular, consideration needs to be given to those characteristics of the system that potentially provide opportunities for improving cost-effectiveness and that would, at the very least, maintain the current level of the system's performance. The most visible indication that such opportunities exist is the increasing level of surplus capacity in Northern Ireland's schools in a period in which enrolments are falling. Surplus capacity overlays or coincides with a number of other features that have a bearing on efficiency and effectiveness: pupil/teacher ratios (PTRs), the schools' estate, and the multi-sectoral nature of the school system.

Pupil/Teacher Ratios

7.13 Under the Local Management of Schools (LMS) Scheme, teacher numbers and, therefore, PTRs are determined by individual schools within the constraints of their budget. The average PTR for Northern Ireland reflects those decisions. Table 7.6 gives average PTRs in Northern Ireland between 2003/04 and 2005/06 and shows they have been stable over this period.

Table 7.6: PTRs in Northern Ireland, 2003/04-2005/06

School Type	Year ^a		
	2003/04	2004/05	2005/06
Primary ^b	20.0	20.0	20.5
Post-primary	14.6	14.3	14.4
All schools ^{c,d}	16.6	16.5	16.7

Source: DE.

Notes:

^aFrom 2003/04 the PTR figures were compiled on a new, improved basis: the figures, extracted from the Teachers' Payroll System, were sent to schools to be verified. Hence figures before 2003/04 are not comparable with those from 2003/04 onwards.

^bIncludes pupils and teachers in nursery classes but excludes preparatory departments.

^cIncludes nursery, primary, preparatory, secondary, grammar and special schools.

^dRefers to all grant-aided schools, i.e. excluding the small number of independent schools.

7.14 The different educational structures (e.g. nursery classes in Northern Ireland primary schools) mean that comparisons of PTRs across United Kingdom countries are not straightforward. Table 7.7 shows PTRs for primary, post-primary and all schools for the four United Kingdom countries. Northern Ireland's average PTR is higher than Scotland's, marginally lower than England's, and lower still than Wales'. This interpretation needs to be regarded with caution, however, since the four countries do not collect and hold information on PTRs on a comparable basis.

Table 7.7: PTRs in the United Kingdom, 2005/06

School Type	Northern Ireland	Scotland	Wales ^{a,b}	England ^c
Primary	20.5	17.1	20.7	22.0
Post-primary	14.4	12.3	16.7	16.6 ^d
All schools	16.7	14.1	18.0	17.2 ^d

Source: DE, DfES, National Assembly for Wales, Scottish Executive.

Notes:

^aFigures relate to 2004/05.

^bFigure for all schools excludes pupil referral units.

^cAll-schools' figure excludes special schools.

^dTeachers and students in sixth-form colleges in England are not included.

7.15 Table 7.8 illustrates the distribution of PTRs across the various school types in Northern Ireland. The percentiles (columns two and three) show how PTRs range around their average and the extent to which there are extreme PTRs within the system: for example, the average PTR in the 10 per cent of nursery schools with the lowest PTR is 25, and the average in the 10 per cent of nursery schools with the highest PTR is 26.5. In terms of their PTR, therefore, 80 per cent of nursery schools are between 25 and 26.5 and the variance around their average is minimal. By contrast, in primary schools, the average PTR in the lowest 10 per cent is 14.74, while in the highest 10 per cent it is 23.49; 80 per cent, therefore, of Northern Ireland's primary schools have PTRs across this nine point range.

7.16 The terms of reference for this Review require consideration of the "optimum educational need compared to current provision" in relation to PTRs. Substantial international research demonstrates that levels of pupil attainment, particularly

at the foundation stages of education and particularly among low-achieving groups, increase when high PTRs decrease. Some of this research suggests that any apparent benefits start to disappear once the PTR is reduced beyond a certain size (often between 15 and 20). Although there is no consensus on this point, this is the closest that current research gets to the notion of an optimum PTR in terms of educational need. Compared to the large body of work on reducing high PTRs, there is relatively little research on the maximum level to which low PTRs could be increased before educational benefits start to disappear.

Table 7.8: PTR Distribution by School Type in Northern Ireland, 2005/06

School Type	Percentiles		Minimum	Maximum	Northern Ireland Average
	10 th	90 th			
Nursery	25.00	26.50	18.98	27.00	25.5
Primary ^a	14.74	23.49	4.00	27.93	20.5
Preparatory	14.81	21.14	13.88	21.22	17.5
Post-primary	11.49	15.23	6.67	16.26	13.9
Grammar	14.24	16.14	13.49	17.38	15.3
Special	3.87	7.92	0.63	8.75	5.8

Source: DE.

Note:

^aIncludes pupils and teachers in nursery classes.

7.17 The main conclusion that can be drawn, therefore, is that the optimum PTR, in terms of educational need, may exist within a range. There can be a point at which high PTRs result in reduced attainment and adversely affect teaching styles and pupil behaviour. There can also be a point at which low PTRs may be associated with negative effects on aspects of the curriculum and pupils' social development. This is recognised in the case for raising enrolment thresholds for schools (discussed in Paragraphs 7.33-7.35) and is supported by evidence from ETI (see Paragraph 7.31). Given that PTRs will always be conditioned by factors such as resources, the nature of the estate and demography, and given that an optimum PTR cannot be identified absolutely (and without reference to context), the best available course is to seek greater equity in the distribution of teachers. A small variance around a school systems' average PTR must, in terms of equality,

efficiency and effectiveness, be better than the current wide variance (see Table 7.8) in Northern Ireland's primary schools.

Small Schools

7.18 The size and nature of the schools' estate in Northern Ireland have been influenced by sparsity, the selective system, and the existence of five different school sectors. Chapter 3 briefly described the major result of this, the large number of small schools in Northern Ireland.

7.19 This feature of the Northern Ireland school system can be further highlighted by comparison with school sizes in the other three United Kingdom countries. Table 7.9 shows the average sizes of Northern Ireland's primary and post-primary schools and compares them with the average sizes in England, Scotland, and Wales. It demonstrates that the average size of Northern Ireland's primary schools is marginally larger than that in Scotland and Wales, but substantially smaller than in England. For post-primary schools, however, Northern Ireland's average is only 67 per cent of the English average (Scotland and Wales average post-primary school size being 84 per cent and 96 per cent respectively).

Table 7.9: Number of Schools, Pupils and Average Size of Schools in United Kingdom Regions, 2005/06^a

School Type		England ^c	Scotland ^c	Wales ^c	Northern Ireland ^{d,e}
Primary ^b	Numbers of schools	17,642	2,217	1,572	903
	Numbers of pupils	4,204,500	398,100	270,300	169,946
	Average size of school	238	180	172	188
Post-primary	Numbers of schools	3,385	386	227	230
	Numbers of pupils	3,316,100	318,100	214,600	151,840
	Average size of school	980	824	945	660

Source: Information on England, Wales and Scotland from *Education and Training Statistics for the United Kingdom 04/05*; Northern Ireland School Census.

Notes:

^aSchool size on a pupil headcount basis.

^bEnrolments for primary schools include pupils in nursery and reception classes, except for Scotland.

^cEngland, Scotland and Wales data relate to the 2004/05 year.

^dPost-primary figures for Northern Ireland include voluntary grammar schools.

^eThe count of primary schools in Northern Ireland includes preparatory departments attached to grammar schools.

7.20 Table 7.10 shows that Northern Ireland has the largest proportion of small schools, in both primary and post-primary (albeit only marginally in some instances). Unsurprisingly, given the considerably smaller average size of Northern Ireland's post-primary schools, this characteristic is most marked in the post-primary sector.

Table 7.10: Schools with Fewer than 100 and 200 Pupils (Primary), 200 and 300 Pupils (Post-primary), 2005/06^a

School Type		England ^c		Scotland ^c		Wales ^c		Northern Ireland ^{d,e}	
Primary ^b	Number of schools	17,642		2,217		1,572		903 ^b	
	Number and % of schools with fewer than 100 pupils	2501	14%	755	34%	484	31%	336	37%
	Number and % of schools with fewer than 200 pupils	7224	41%	1326	60%	994	63%	598	66%
Post-primary	Number of schools	3,385		386		227		230	
	Number and % of schools with fewer than 200 pupils	27	1%	31	8%	2	1%	18	8%
	Number and % of schools with fewer than 300 pupils	83	2%	39	10%	4	2%	37	16%

Source: Information on England, Wales and Scotland from *Education and Training Statistics for the United Kingdom 04/05*; Northern Ireland School Census.

Notes:

^aSchool size on a pupil headcount basis.

^bEnrolments for primary schools include pupils in nursery and reception classes, except for Scotland.

^cEngland, Scotland and Wales data relate to the 2004/05 year.

^dPost-primary figures for Northern Ireland include voluntary grammar schools.

^eThe count of primary schools in Northern Ireland includes preparatory departments attached to grammar schools.

7.21 This analysis can be developed further by a more detailed picture of where Northern Ireland's schools are located across the spectrum of school sizes found in Northern Ireland, Wales and Scotland. Using enrolment bands of twenty pupils, Figures 7.3 and 7.4 profile the schools' estates of Northern Ireland, Wales, and Scotland according to the degree to which they are composed of schools of

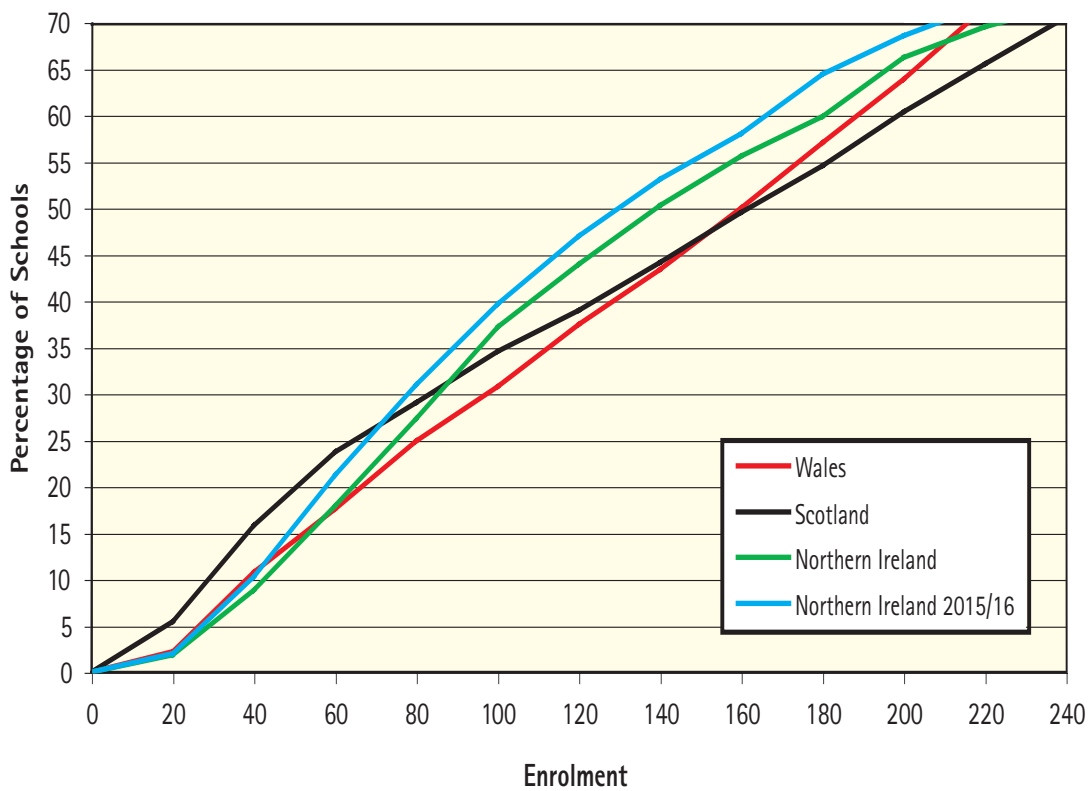


Figure 7.3: Cumulative Frequency Distribution of Primary School Enrolments in Northern Ireland^a, Scotland and Wales, 2005/06

Source: DE.

Note:

^aThe "2015/16" line profiles the projected 2015/16 pupil population against the 2005/06 schools' estate.

differing sizes. The steepness with which the graph's lines ascend expresses the extent to which the different estates are characterised by smaller school sizes. The generally sharper incline of the Northern Ireland profile reflects the greater emphasis on smaller schools within its schools' estate. This is particularly true of schools with between 60 to 100 enrolments (the green line ascends much more sharply through these bands than the red or the black line): approximately 22 per cent of Northern Ireland's primary schools are within these bands, compared with only about 11 per cent in Scotland and 12 per cent in Wales.

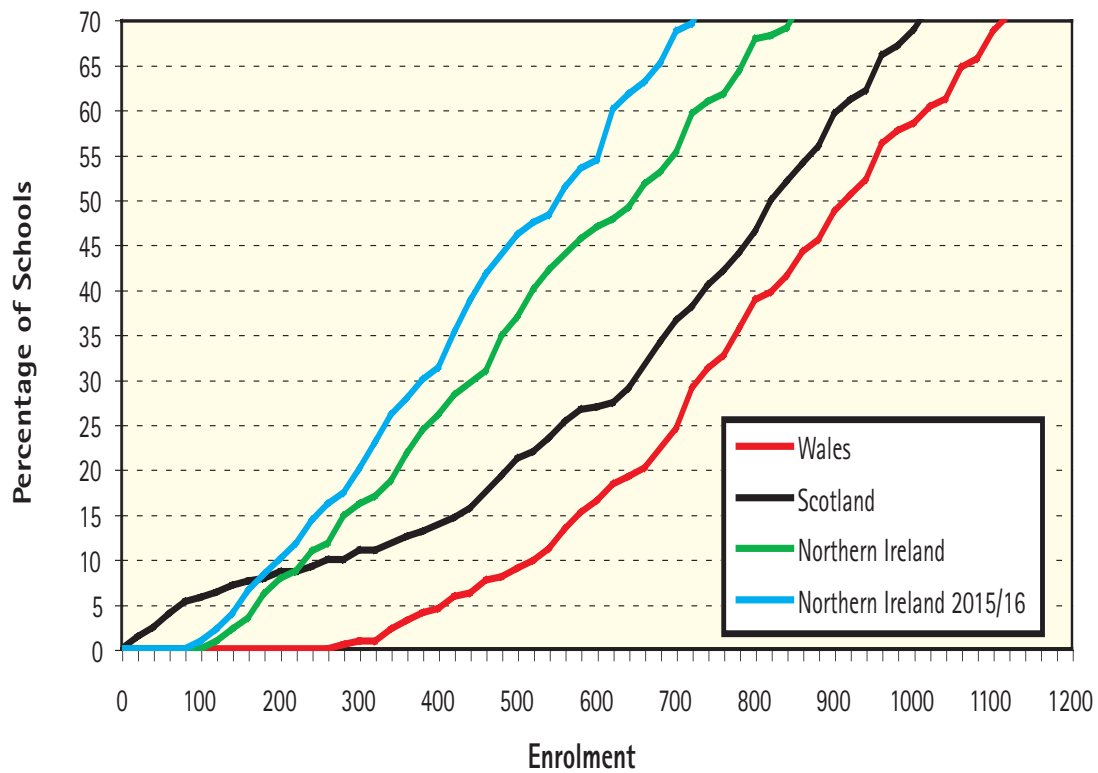


Figure 7.4: Cumulative Frequency Distribution of Post-primary School Enrolments in Northern Ireland^a, Scotland and Wales, 2005/06

Source: DE.

Note:

^aThe "2015/16" line profiles the projected 2015/16 pupil population against the 2005/06 schools' estate.

7.22 In Figure 7.4, the conclusion to be drawn is more obvious. Other than the early step in Scotland's profile – which presumably reflects the estate's inclusion of very small post-primary schools in isolated, small communities – Northern Ireland's steeply ascending line reflects the greater predominance of small post-primary schools within its estate.

7.23 An important factor here is sparsity of population. Large areas populated by small communities need a dispersed estate of smaller schools. Towns and cities tend to be served by larger schools. Levels of sparsity, when read against the number of schools, can help identify the degree to which the estate represents an efficient

use of resources. Tables 7.11 and 7.12 compare sizes and numbers of schools with parts of the United Kingdom of varying levels of population density.

Table 7.11: Comparison of UK Primary School Numbers and Sizes According to Population Density, 2005/06

Territory	Persons/km ²	Number of Schools	Number of Pupils ^a	Average Enrolment	Schools/ 1000 pupils
England ^b	385	17,642	4,204,496	238	4.20
England (<125 per km ²) ^b	92	1,849	292,432	158	6.32
Scotland ^b	65	2,217	398,100	180	5.57
Wales ^b	142	1,572	270,300	172	5.82
Northern Ireland	126	903	169,946	188	5.31

Source: Information on population size and density is from *Regional Trends* (2006). Schools and pupil information is from *Education and Training Statistics for the United Kingdom* (2005).

Notes:

^aFigures for primary schools relate to all children in primary schools, including children in nursery classes, where applicable. Figures for Scotland refer only to children in Year 1–Year 7.

^bEngland, Scotland, Wales data relate to 2004/05.

7.24 Table 7.11 shows that, in terms of primary schools, Northern Ireland does not, in respect of its sparsity, have a relatively large number of schools: when compared with areas of England that are broadly comparable in terms of population density, and when compared with Wales (which has a level of population density 12 per cent greater than Northern Ireland's), Northern Ireland's number of schools per thousand pupils is significantly lower. Scotland has a slightly larger number of primary schools per thousand pupils but serving a much sparser population. Northern Ireland has significantly more schools per 1000 pupils than England (taken as a whole) but this is not surprising considering that England has an overall population density (385 people per km²) three times Northern Ireland's (126 people per km²).

7.25 If the range of school size and proportion of smaller schools in the primary estate is masked by aggregation, the picture is different for the post-primary estate. As

Table 7.12 shows, Northern Ireland has a greater number of post-primary schools per thousand pupils than all other parts of the United Kingdom.

Table 7.12: Comparison of UK Post-primary School Numbers and Sizes According to Population Density, 2005/06

Territory	Persons/km ²	Number of Schools	Number of Pupils	Average Enrolment	Schools/1000 pupils
England ^a	385	3,385	3,316,050	980	1.02
England ^a (<125 per km ²)	92	318	262,196	825	1.21
Scotland ^a	65	386	318,065	824	1.21
Wales ^a	142	227	214,600	945	1.06
Northern Ireland	126	230	151,840	660	1.51

Source: Information on population size and density is from *Regional Trends* (2006). Schools and pupil information is from *Education and Training Statistics for the United Kingdom* (2005).

Note:

^aEngland, Scotland, Wales data relate to 2004/05.

7.26 The key point to emerge here is that the Northern Ireland school estate contains too many schools. There are levels of provision in the primary sector that in terms of scale cost and quality, vary greatly and there are, in relative terms, more schools and more small schools in the post-primary sector than in the other three countries of the United Kingdom. Given the sharp decline in enrolments predicted for Northern Ireland, the proportion of small schools within the estate will grow unless changes are made. Returning to Figures 7.3 and 7.4, the blue line shows how, when applied equally to each school, the projected fall in enrolments between now and 2015/16 will increase the incidence of smaller schools within the Northern Ireland estate. Currently 22 per cent of primary schools have enrolments between 60 and 100. If the pupil numbers projected for 2015/16 were to be served by the current schools' estate, then approximately 30 per cent of the estate would have enrolments between 40 and 100; in the post-primary estate, the enrolment level at or below which the smallest 55 per cent of the schools' estate could be described would have dropped from approximately 700 to 600.

Multi-sectoralism

- 7.27 The different types of school within Northern Ireland significantly contribute to the number of schools and add to the complexity of any evaluation of the system's efficiency. The sectors are described in detail in Chapter 3. It is sufficient to say here that as the physical, demographic and geographic realities of Northern Ireland bear upon the efficiency of its school system, so do the diversity of and relationships between its communities. This is reflected in the number of distinct school sectors. The obvious example is that, although all schools in Northern Ireland are by law open to all pupils regardless of religion, in practice the majority of Protestant children attend controlled schools and the majority of Catholic children attend maintained schools.
- 7.28 In addition to this, DE currently has legislative obligations in relation to the provision of integrated education and Irish-medium education. These are two distinct and growing school sectors within the Northern Ireland school system. The establishment of new Integrated and Irish-medium schools in response to parental demand increases the number of schools at a time of falling pupil numbers and, therefore, contributes to the incidence of small schools and the level of surplus capacity. Supporting five sectors (i.e. controlled, maintained, Voluntary Grammar (VG), Integrated and Irish-medium schools) incurs significant costs. These additional costs are further increased by the rural nature of Northern Ireland, which in many areas results in the provision of at least two types of school (controlled and maintained) within each locality. For example, within the WELB area, there are currently 184 primary and 33 post-primary schools, excluding VG and Grant-maintained Integrated (GMI) schools. Of the 184 primary schools, 74 (40.2 per cent) have an enrolment of 80 pupils or fewer and of the 33 post-primary schools, 15 (45.5 per cent) have an enrolment of 400 pupils or fewer. There is a social argument for integration within Northern Ireland's multi-sectoral system, but there is also a significant economic and educational argument.

Sustainable Schools

- 7.29 The significance of having a large number of relatively small schools is fundamental to the issue of school viability. All schools in Northern Ireland should be sustainable in terms of the educational experience they provide to children, their enrolments, finances, school leadership and management, accessibility, and

links to the community. School sustainability is, therefore, about effectiveness and efficiency: the quality of the educational experience provided to children and the value for money that that experience represents.

7.30 Costs per pupil in small schools tend to be higher. The Small Schools Support Factor of the Common Funding Formula (CFF), described in Chapter 6, is recognition of this: 82 per cent of Northern Ireland's primary schools and 43 per cent of its post-primary schools receive support through this factor. And as we have seen in Chapter 6, despite the extra support, these schools are more likely to be in deficit. Figures 7.5 and 7.6 provide a graphic depiction of the additional costs of small schools by plotting, for both primary and post-primary, the level of per pupil costs according to schools' pupil numbers.

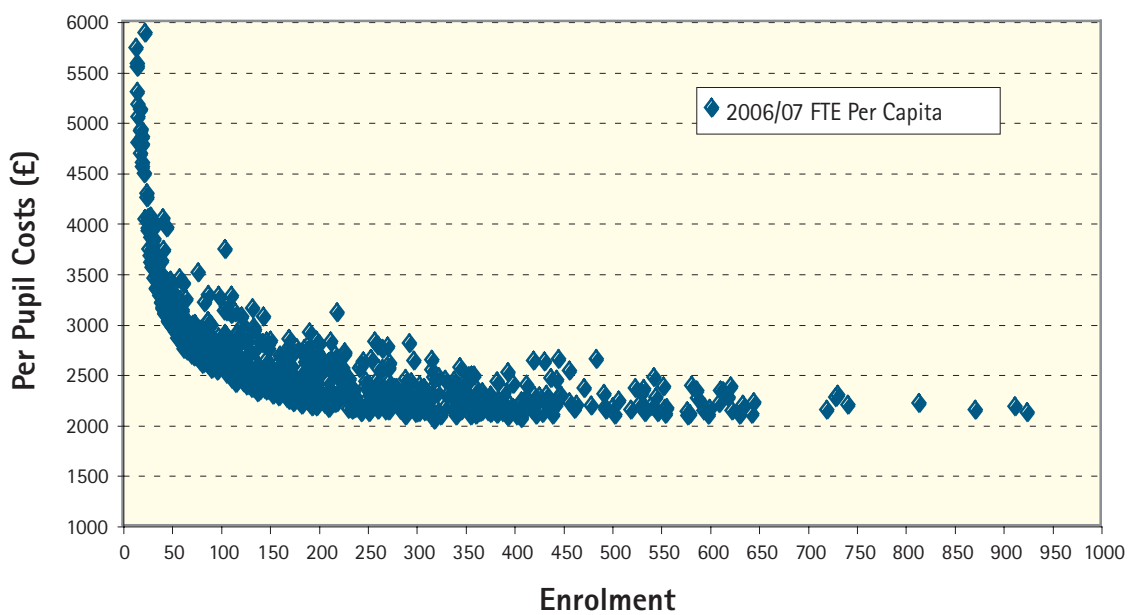


Figure 7.5: Primary School Costs per Full-time Enrolment, 2006/07

Source: DE.

Per pupil costs begin to rise when primary and post-primary schools dip below roughly 200 and 500 respectively and rise more dramatically the further enrolments drop significantly below these levels. (The variety of per pupil costs in

schools of the same size also illustrates the complexity of judging efficiency and the need to consider the full range of characteristics discussed in this chapter.)

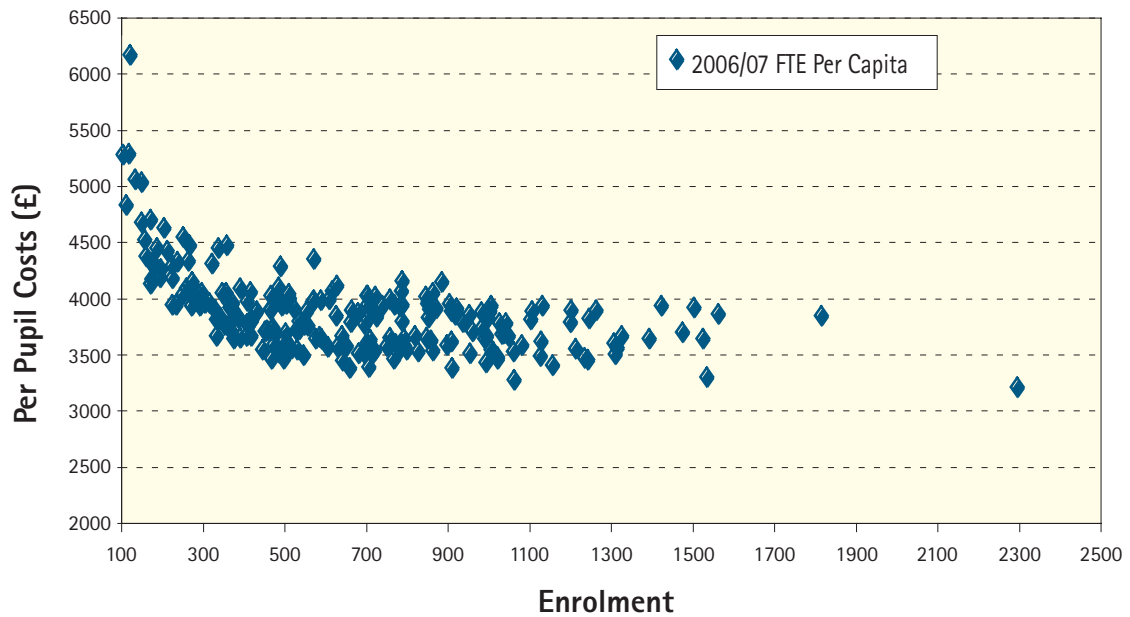


Figure 7.6: Post-primary School Costs per Full-time Enrolment, 2006/07

Source: DE.

7.31 Educationalists have long argued that larger schools are more effective than smaller schools as they are better able to offer a comprehensive curriculum with more specialised teaching at a lower cost per pupil. In a sample of small, rural primary schools, ETI found that although small school size had certain advantages, in terms of personal attention and focus on individual pupils, small schools struggled with a range of challenges. These included the demands of preparing a differentiated programme for classes with mixed-age groups, of ensuring adequate SEN provision, and difficulties in securing substitute cover for teachers. Also reported was a higher administrative burden on teachers (including teaching principals), leaving them less time for the preparation of lessons. Small schools had more difficulties than their larger counterparts in recruiting and retaining

principals and, overall, they experienced a considerable degree of financial pressure and uncertainty.

- 7.32 A clear policy statement on the viability of schools is urgently needed and some principles are outlined below. Policy must be driven by the overriding importance of the quality of educational experience and be cognisant of value for money. It should ensure that schools are sustainable in terms of their leadership and management, accessibility, and the strength of their links to the community. It should be applicable across existing schools, to schools resulting from rationalisation, and to new schools. It should incorporate the principle of equality of educational opportunity for all pupils, at all stages of their education, regardless of where they live.
- 7.33 Central to policy, and a key factor for a school's educational and financial viability, should be its enrolment level. The long-term future of a school should be called into question when the enrolment is falling and projected to reach a point where the quality of the educational experiences of the pupils is likely to be adversely affected, not least because the school's budget, corresponding to pupil numbers, will have reached a level where it lacks the financial capacity to provide the staffing and other resources necessary for a good quality, broadly-based education. The following paragraphs focus in more detail on enrolment levels, and suggest particular levels as starting points for reviewing the position of a school.
- 7.34 ETI has provided views to this Review on the issue of school sizes. These have been considered and generally accepted as minima ensuring that all children have access to an educational experience that is at least satisfactory. When enrolments in existing schools or school sixth forms fall below these minima, their future should be reviewed. The minima should also help determine the enrolment levels necessary for the establishment of new schools. These thresholds are not optima; nor do they imply that all schools at or above the threshold do not share the obligation of all those below the threshold: to pursue the highest possible quality of provision for children through means such as collaboration with other schools. The proposed approach is that:
- Primary schools should ideally have a minimum of seven classes (one for each year group). If each classroom were full to capacity this would indicate a school of some 200 pupils. As a minimum, however, an urban school should have around 140 pupils (or an average of 20 pupils per year group).

The minimum enrolment for rural areas should be 105 pupils (or an average of 15 pupils per year group) in recognition of population levels in rural areas.

- For post-primary schools the minimum enrolment should also take account of pupil access to a broad and balanced post-primary curriculum and the recruitment and retention of suitably qualified teachers. Under current arrangements, post-primary schools are normally reviewed when the enrolment falls below 300, and a minimum annual intake of 50 is required to secure capital funding for new post-primary schools. On educational grounds alone, ETI advises that these criteria cannot in the future be regarded as appropriate for the needs of pupils. ETI recommends that post-primary schools should be capable of maintaining an enrolment of 500 pupils in the 11-16 range. There are arguments that this enrolment should be higher in anticipation of the full implementation of the Entitlement Framework, and in view of experiences in other countries. The optimal size of a post-primary school is higher than 500 but, nevertheless, an enrolment of 500 should provide a suitable basis for delivering the curriculum at KS3, and for allowing the school to provide access to the Entitlement Framework at Key Stage 4, especially if it collaborates with other schools and Further Education institutions.
- Establishing a minimum size for sixth forms is more complex, not least because of the range of subjects that should be available in post-16 provision. ETI advises that sixth forms should be self-financing and should not draw resources away from pupils in much lower age groups. They also recommend that sixth-form classes should normally have a minimum of 12 pupils, although there would need to be flexibility for some subjects. In agreement with the "Extended Courses" circular from DE, ETI, during this Review's consultation, endorsed the establishment of a minimum and accepted as a useful guide the level of 80 specified in the circular (as the minimum enrolment necessary to establish a new sixth form). In subsequent discussions, ETI has agreed that a minimum threshold of 100 would be of greater value as this would better ensure that sixth forms were of sufficient size to deliver the post-16 curriculum. The need to collaborate in pursuit of the highest quality provision would, of course, still apply.

- 7.35 These enrolment levels, and the minima of funding and educational quality that they seek to maintain, would be highly significant for the schools' estate: 357 (40 per cent) of Northern Ireland's primary schools have enrolments of fewer than 105 pupils; 85 (37 per cent) of post-primary schools have enrolments of fewer than 500 pupils; and 72 (40 per cent) of the 178 post-primary schools with sixth forms have a sixth-form enrolment below 100. (Not one of these is a grammar school sixth form, of which there are 69.) The implication for the smaller school is not that closure or amalgamation should be automatic but that there is a strong expectation that such schools will face greater difficulties in providing the curriculum than larger schools. Some of these difficulties, as indicated above, could be addressed through collaboration to ensure that schools can deliver to their pupils a high quality of education. The importance of collaboration is discussed further in Parts C and D.
- 7.36 In the application of these minima to existing, new and replacement schools and school sixth forms, the key issue should be the quality of education provided. Economic considerations should not be the only reason determining that a school should either close or stay open. Efficiency is only part of sustainability and, across a school system, what constitutes efficiency will vary according to differing needs: in exceptional circumstance, where it is demonstrated that there is no alternative but to maintain a small school (i.e. in cases of small, isolated communities), then efficiency would demand that additional finance should be made available to ensure that the school is educationally sustainable. Educational sustainability, by contrast, should be of common application, and if the quality and breadth of the education that a school provides is less than satisfactory then, regardless of its financial position or any other services that it may provide to its community, the school should close.
- 7.37 Where school closure is proposed by a review, and when rationalisation brings significant change to individual schools (e.g. replacement or amalgamation), resources should be made available to ensure that satisfactory education is provided throughout the transition. While the transition affecting existing schools is managed, the opportunities available in establishing new schools must be taken. In particular, there must be a strategic approach to planning new schools. This is discussed in Chapter 9.

Surplus Capacity

- 7.38 Unused teaching space in classrooms is clearly an inefficient use of resources. At a system-level, the amount of surplus capacity broadly indicates the value for money that a school system represents and the degree to which resources are used efficiently and effectively. Northern Ireland's high level of surplus capacity has been caused mainly by the combined effects of its many sectors and falling pupil enrolments. PTRs and Northern Ireland's smaller school profile are, in part, expressions of surplus capacity (although to what degree it is hard to identify). This report has, therefore, already been discussing surplus capacity to some extent. It is something of a headline indicator of opportunities for rationalisation.
- 7.39 There is not a precise methodology for calculating surplus places as accommodation across the schools' estate can be used in different ways. Classrooms, particularly in the older primary schools, vary in size; and classrooms in small rural schools can be much smaller than the recommended size of 60 square metres, which is intended to accommodate 29 pupils. In both primary and post-primary schools, the estimate is based on an assessment of the overall capacity of the school in terms of teaching space, less the actual enrolment. In producing an estimate of surplus places for primary schools, DE attempts to make allowance for non-teaching spaces such as libraries and rooms for SEN provision. DE has concluded that the estimation of surplus places should be based on total floor area entitlement in the school rather than classrooms as at present. The replacement methodology is dependent on the school area information being available for all schools across the estate. It is currently being compiled by the ELBs.
- 7.40 The primary school population in 2005/06 (excluding reception classes and nursery units) was 161,143 pupils and the post-primary school population was 151,840 pupils. In the same year there were an estimated 53,000 surplus places in schools in Northern Ireland, some 15 per cent of the total capacity within the estate: 34,400 in primary schools and 18,700 in post-primary schools. Tables 7.13-7.14 below show the number of surplus places in both primary and post-primary schools based on the 2005/06 enrolments for the various school sectors.

Table 7.13: Surplus Places in Primary Schools by ELB Area, 2005/06

Sector	Belfast	North Eastern	South Eastern	Southern	Western	Totals
Controlled	5,600	3,400	4,300	1,600	1,350	16,250
Maintained	4,050	2,700	2,300	3,000	4,900	16,950
Other maintained ^a	330	0	10	40	0	380
Integrated ^b	60	580	150	10	40	840
Totals	10,040	6,680	6,760	4,650	6,290	34,420

Source: DE.

Notes:

^aIncludes Irish-medium maintained and other non-Catholic maintained schools.

^bIncludes controlled integrated schools.

7.41 The Report, *New Procurement and Delivery Arrangements for the Schools' Estate* (March, 2005), conducted by PriceWaterhouseCoopers and using 2003/04 pupil and school numbers, provides more detail on the nature of Northern Ireland's surplus capacity. It found that in the primary sector, nearly half of the schools (436) had surplus capacity and almost a third (291) had more than 20 per cent surplus capacity. Ninety-five primary schools had more than 50 per cent surplus capacity and twenty-seven primary schools had more than 70 per cent surplus capacity. In the post-primary sector, there was a greater spread of surplus capacity across the system: approximately two-thirds of the schools had surplus capacity, and a quarter had surplus capacity of more than 20 per cent. There were twelve post-primary schools with more than 50 per cent surplus capacity, and two with over 70 per cent. Some of the schools with very high numbers of surplus places were two-stream primary schools (that is with 14 classes), and post-primary schools with a capacity of more than 500 pupils.

7.42 A level of surplus capacity is essential for the effective and efficient running of a school system. Some is needed to meet parental choice, some will be required for planning purposes and to allow for demographic change, and some will always be deemed an inevitable and acceptable by-product of providing education services in certain areas (e.g. in small and isolated communities). The 53,000 places

Table 7.14: Surplus Places in Post-primary Schools by ELB Area, 2005/06

Sector	Belfast	North Eastern	South Eastern	Southern	Western	Totals
Controlled	2,000	2,550	1,500	2,000	700	8,750
Maintained	1,800	2,000	750	2,000	2,000	8,550
Voluntary Grammar	260	400	130	50	250	1,090
Integrated ^a	10	50	70	60	150	340
Other maintained ^b	5	0	0	0	0	5
Totals	4,075	5,000	2,450	4,110	3,100	18,735

Source: DE.

Note:

^aIncludes controlled integrated schools.

^bIncludes Irish-medium maintained and other non-Catholic maintained schools.

estimated to be surplus in 2005/06, however, represent 15 per cent of the 2005/06 capacity and the benchmarks available suggest that this level of over-provision is excessive. The Department for Education and Skills (DfES) guidance for local education authorities (LEAs) in England and Wales gives a benchmark of 25 per cent unfilled places for an individual school, but offers no guidance on what level of surplus is tolerable across all of the schools within one LEA estate. The Audit Commission, in its January 2006 response to the DfES White Paper, *Higher Standards, Better Schools for All: More Choice for Parents and Pupils*, reiterated its view that the benchmark should be 25 per cent in individual schools but, when distributed across a school system, surplus capacity should not exceed 10 per cent.

7.43 In this Review's consultation with stakeholders, a 10 per cent maximum level of surplus capacity, when distributed across the Northern Ireland school system, received support. As a high-level focus for school rationalisation there is no reason apparent to this Review why a maximum of 10 per cent at system-level would not be beneficial in Northern Ireland. Reducing surplus capacity and providing sustainable schools with viable enrolments would mean a more efficient and effective use of educational resources.

- 7.44 Substantial over-capacity is a significant issue for managing authorities and they should consider the future of individual schools in order to reduce the level of surplus places while delivering a fit-for-purpose schools' estate. The different school sectors, academic selection, and sparsity add to the complexity of addressing the problem of surplus places. The problem exists in both primary and post-primary schools and in both the controlled and maintained sectors. Small schools are part of the problem – in that their capacity (surplus and occupied) will tend to cost more – and they are a "parallel" problem in that they also present an opportunity for rationalisation and improvement. But the majority of surplus places are, in fact, in larger schools. If no action is taken, then over the next ten years the number of surplus places is predicted to increase to over 80,000 (more than a quarter of the current school population), further reducing cost-effectiveness. By contrast, moving to a system sustaining no more than 10 per cent surplus capacity, and consisting of fewer and larger sustainable schools, would eventually release resources for investment elsewhere in the system. As the number and size of schools that would be needed will be known only after detailed planning, however, these savings cannot be calculated now.

Special Educational Needs Provision

- 7.45 In Chapter 6 we listed some of the services funded from ELB centre budgets and these included provision for children with SEN. Each ELB is responsible for pupils resident in its area who are in receipt of a statement of SEN. The ELB will meet the costs associated with the educational provision in SEN statements for pupils in maintained and controlled (including controlled integrated) schools. Special schools have partially delegated budgets, with all pupil-related costs being retained centrally by the ELBs. The cost of educational provision, outlined in SEN statements for children in GMI schools and VG schools, is met by DE as it has direct funding responsibility for these schools.
- 7.46 All SEN statements include separate sections outlining 'educational' and 'non-educational' provision. Educational provision can take the form of additional classroom assistance, input from advisors and peripatetic teachers, or specific classroom approaches. Non-educational provision can relate to specific transport costs, which the ELB in question is also responsible for funding, or to services

provided by the local Health and Social Services Trust (e.g speech and language therapy and occupational therapy).

7.47 Table 7.15 shows the funding that has been reported by each ELB as having been allocated to SEN provision in each of the last five years. The increase is dramatic: £80m in 2000-01 to £133m in 2004-05.

Table 7.15: Special Educational Needs Funding by ELB, 2000/01-2004/05 (£m)

Year	Belfast	North Eastern	South Eastern	Southern	Western	Total
2000/01	17	14	21	15	13	80
2001/02	19	16	23	17	16	91
2002/03	21	18	27	19	18	103
2003/04	26	21	32	22	23	124
2004/05	28	22	31	25	27	133

Source: DE.

7.48 This 66 per cent increase in funding partly reflects a significant increase in the numbers of pupils receiving statements of SEN. Table 7.16 shows that the extent of this increase between 2000 and 2005.

7.49 DE commenced a review of SEN in April 2006 that is scheduled to be completed by late 2006, for implementation in late 2007, subject to the legislative timetable. The aim of the review is to bring forward comprehensive recommendations for SEN having particular regard to continuity and quality of provision; equality of access; consistency of assessment and provision; delivery, funding and accountability; value for money; affordability; and monitoring arrangements.

7.50 The review is focusing on the following themes:

- the arrangements for the identification and assessment of SEN;
- the nature, quality, and extent of provision and support relating to assessed needs for children with SEN;

Table 7.16: Numbers of Statements of Special Educational Needs by ELB, 2000-2005^a

ELB	2000	2001	2002	2003	2004	2005
Belfast	1,568	1,567	1,735	1,721	1,673	1,640
North Eastern	1,581	1,716	1,933	2,109	2,256	2,362
South Eastern	2,466	2,675	2,895	3,034	3,204	3,282
Southern	1,752	1,921	2,073	2,325	2,474	2,672
Western	1,449	1,496	1,690	1,796	1,915	2,005
Total	8,816	9,375	10,326	10,985	11,522	11,961

Source: DE.

Note:

^aThere are also 472 children who attend special schools but do not yet have a SEN statement (25 at Stage 1, 7 at Stage 2, 201 at Stage 3, and 239 at Stage 4).

- SEN information and advice, and disputes and appeals arrangements;
- early intervention/pre-school SEN assessment and provision;
- capacity building for teachers, Special Educational Needs Co-ordinators (SENCOs), and adult assistance;
- the role of special schools in providing support and advice to mainstream schools, and the role and expertise within the Curriculum Advisory and Support Service (CASS); and
- the inclusion of children and young people with SEN and/or disability in a mainstream setting, including the impact of the Special Educational Needs and Disability Order (SENDO).

7.51 There will obviously be areas within this report – for example, the planning of the schools' estate, the need for schools to collaborate in elements of their provision – where SEN provision will be the subject of recommendations. Given that this provision is the subject of a dedicated review, however, there will not be recommendations on the efficiency and effectiveness of SEN provision per se.

Conclusions and Recommendations

- 7.52 This chapter has examined the effectiveness and efficiency of Northern Ireland's school system by considering performance alongside the scope for rationalisation and improvement. The major indicators of performance are the levels of attainment achieved by Northern Ireland's learners and, in comparison with those of the other United Kingdom countries, these levels are relatively high and indicate, therefore, that the Northern Ireland education system is performing effectively. There is, however, no room for complacency about Northern Ireland's attainment levels, because, first, when considering the working-age population as a whole, Northern Ireland is still seeking to remedy historic underachievement and, second (as with other countries), its overall attainment levels conceal degrees of underachievement.
- 7.53 The imperative remains, therefore, to seek out ways to increase both the efficiency and effectiveness of the current system and this chapter has identified opportunities for improvement and rationalisation. Partly because of falling enrolments and partly because of the multi-sectoral nature of its school system, Northern Ireland has too many schools. This is most visible in its high proportion of small schools and in its overall levels of surplus capacity. The adverse affect of this over-provision is that some schools will be unsustainable both in terms of economic viability and in terms of the quality of the educational experience they provide. With enrolments predicted to fall, the situation, unless tackled, will worsen, exacerbating two serious effects: a mounting degree of sub-optimal education that is delivered with substantial inefficiency and financial pressure. In addition, the increasing number of children who have, in recent years, been receiving SEN provision has been placing rapidly rising pressure on individual schools.
- 7.54 There is a clear need, therefore, for policy to address school sustainability to ensure the quality of provision and to deliver value for money. This chapter has identified principles on which this policy should be based, including the governing principle of educational sustainability, enrolment minima, the importance of collaboration between institutions, the maintenance of adequate provision within schools in transition, and a reduction in surplus capacity.

- 7.55 Given the evidence and arguments presented in this chapter, we recommend:
6. The policy for sustainable schools in Northern Ireland should ensure that all schools are sustainable in terms of the quality of the educational experience of children, enrolment trends, financial position, school leadership and management, accessibility, and the strength of their links to the community.
 7. The sustainable schools policy should ensure that regardless of the financial position of a school or the other services it provides, it is not considered viable if the quality and breadth of the education it provides is less than "satisfactory".
 8.
 - (a) The minimum (not optimal) enrolments for new primary schools, and for Years 8–12 in new post-primary schools should be (i) Primary: 140 pupils in urban areas, and 105 pupils in rural areas, and (ii) Post-primary: 500 pupils. When the enrolment in an existing school falls below the relevant level, the future of the school should be reviewed.
 - (b) The minimum (not optimal) enrolment for a new sixth form in an 11–18 school should be 100 pupils. When the enrolment falls below this level in an existing sixth form, the future of the sixth-form provision should be reviewed.
 9. Surplus capacity in the schools' estate should be no more than 10 per cent of the estate's total capacity, distributed across the system.
 10. Schools involved in rationalisation or closure should be given adequate funding to ensure that a satisfactory education can be provided for the remaining pupils during the period leading up to the rationalisation.