

An Analysis of Public Expenditure on Children in Northern Ireland

PART 1

Spending on Children's Services

May 2007



Economic Research Institute for Northern Ireland

Acknowledgements

The preparation of a report of this nature requires the help of many individuals. The Institute would like to thank a number of people who provided both statistics and very helpful and insightful comments or suggestions on earlier drafts of the report. These include members of the Steering Group and staff from a number of government departments. Particular thanks go to the following people: Brian Morrow (DENI), Katrina Godfrey (DENI), Ivor Johnston (DENI), John Toogood (DENI), Janis Watson (NISRA), Paul Montgomery (DFP), Michelle McGoldrick (DFP), Lynn Campbell (DHSSPSNI) and Elaine McElduff (CINI).

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EXECUTIVE SUMMARY

The Office of the Commissioner for Children and Young People (NICCY) has invited the Economic Research Institute of Northern Ireland (ERINI) to undertake a study into how the public funding provision for children and young people in Northern Ireland compares with the rest of the UK. The Terms of Reference require ERINI to conduct an in-depth study comparing government funding in Northern Ireland for children and young people with the funding in the UK. The research specifically assesses if children and young people in greatest need have benefited (or otherwise) in comparison to their counterparts in the rest of the UK.

Without doubt the overall level of services provided to children can have significant repercussions for influencing and shaping society, as well as promoting economic development in the future. ERINI recognises that the importance of assessing expenditure on children's services as, ultimately, policy makers ought to be aware of the level of resources being directed at children and young people if they are to make changes in expenditure priorities, monitor expenditure growth and ensure this is related to overall need. Such expenditure information is particularly useful in light of recommendations stemming from the United Nations Committee on the Rights of the Child, whereby it is recommended:

...that the State party undertake an analysis of all sectoral and total budgets across the State party and in the devolved administrations in order to show the proportion spent on children, identify priorities and allocate resources to the maximum extent of available resources. (CRC/C15/Add188 Para 11)

While this report provides detailed data on relative expenditure levels between UK regions, ERINI is reluctant to make critical observations based on *relative* expenditure for children, as ultimately a number of factors (such as need, economies of scale, rurality, and demography) will influence overall expenditure requirements irrespective of what other countries are spending. Essentially, Northern Ireland must aim to spend sufficient public money to ensure that the overall well-being of children is maximized subject to competing priorities.

The principal observations relating to public expenditure for children and young people are highlighted below.

Health

- Average per capita health expenditure for the Northern Ireland population is higher than elsewhere in the UK.
- When health services which directly affect children, (i.e. *family health services and personal and social services*) are examined, it was found that *family health services* expenditure in Northern Ireland was higher than in other regions – but this expenditure was inflated by the excessive cost of prescriptions per capita.

- With regard to social services expenditure on children and families, Northern Ireland spent less per child in 2004–05 when compared to England and Wales (approximately 28.6 per cent and 33 per cent less respectively).
- The proportion of Northern Ireland’s personal and social services budget spent on children amounts to only 14.1 per cent compared to 24 per cent spent in England and 26.1 per cent spent in Wales.
- In terms of current funding being skewed towards those children and young people who are most in need, ERINI found that the average spend per child was greatest in HSS trusts which contain a higher proportion of wards with elevated child poverty scores.

Education

- Northern Ireland has a relatively large proportion of school-age children relative to other UK regions. In 2004–05 Northern Ireland spent £2,271 per primary school pupil and £3,424 per post-primary pupil.
- In 2004–05, Northern Ireland’s primary pupils received less expenditure per head (17.2 per cent less) relative to counterparts in Wales. However, at the secondary level pupils in Northern Ireland had 0.5 per cent more spent on them relative to Welsh counterparts. Direct comparisons of educational expenditure between UK regions should always be treated with caution because of differences in levels of delegation and in arrangements for distribution of central funding. Unfortunately, directly comparable data for per pupil expenditure is not available for Scotland and England.
- The Belfast Education and Library Board has the highest proportion of children in greatest need (measured by free school meal entitlement, special education needs etc). Relatively more TSN funding is skewed towards schools in this board, reflecting the greater overall levels of need and, indeed, the proportion of schools with high levels of pupils identified as requiring support within these schools.
- Although the BELB receives approximately 27 per cent more per pupil for social deprivation when compared to the NEELB schools, there remains a problem for a large number of secondary school pupils in the Belfast area. The BELB’s poor educational attainment levels for secondary schools at Key Stage 3 are a key challenge for the Department of Education.
- While Northern Ireland statistics portray a picture of high achievement at GCSE levels relative to other regions, it is also significant that in 2005/06, 3.5 per cent of all pupils in NI left school with no formal qualifications, which is higher than the UK equivalent of 3 per cent.

- It is necessary to look beyond comparisons with England to evaluate how the education system in NI serves children and young people. While public expenditure levels are important, they should not be dictated by relativities. Local spending must reflect need, efficiencies as well as local unit costs.

Housing

- Overall housing expenditure in Northern Ireland amounted to £238 per capita in 2004–05. In current prices for that year, this represents an increase of 36 per cent over the five years previous.
- Relative to housing expenditure in other UK regions, Northern Ireland has the highest per capita spend with 2004–05 expenditure approaching double the UK equivalent.
- Basic calculations show that Northern Ireland spends more on housing benefit per child than GB, other indicators suggest that *need* in Northern Ireland is greater than elsewhere because of higher levels of fuel poverty and homelessness.

INTRODUCTION

The overall level of services provided to children can have significant repercussions for influencing their life chances, shaping society, and promoting economic development in the future. Today's children are tomorrow's workforce and thus we are dependent upon them to generate the resources needed to support a future population which will be top-heavy with dependent pensioners. Policy makers must bear in mind that inadequate support for children's services will have consequences which are cumulative and go beyond any given budget period that they may be focusing upon.

Issues surrounding child poverty in the UK and government awareness of the need for increased intervention came to the fore in the late 1990s. In his pre-budget speech 1999, the UK Chancellor announced that the Labour Government had ambitions to reduce the number of children in the UK facing poverty.

Because a fair society and the strongest possible economy depend upon leaving no one behind, Britain must build on the reforms taking nearly one million children out of poverty and give every child the best possible start in life. ...So our fourth ambition is - by the end of the next decade - child poverty reduced by half - on our way to ending child poverty within twenty years. (Statement by the Chancellor of the Exchequer on the Pre-budget Report on Tuesday 9th November 1999.)

Since adopting this policy direction the government has implemented a series of steps in the hope of reducing the number of children facing poverty. An extensive reform to the tax and benefit system has helped many lone parents to return to work and reduced worklessness among households with children. Furthermore, the government has pledged financial resources for improving children's services; however, much less is known about the government's *expenditure* side of alleviating child poverty.

The Executive Programme Fund for Children developed in 2001 was originally set up with the overall aim of "improving the life chances and citizenship of vulnerable children and young people by providing additional resources to those provided by mainstream programmes". Programmes benefiting from the fund included: provision of specialist residential units, a school-age mothers' programme, new counselling services for pupils, and improvements to the Youth Service. In their consultation for the setting up of the Fund for Children, the Executive recognized that it had inherited a situation where many key statutory services for children were insufficiently funded. However by 2004 the Executive Programme Fund for Children came to an end despite widespread opinion that the fund was central to the future development of services for children¹.

A second funding package aimed specifically at children in Northern Ireland was launched by the Secretary of State in March 2006. The *Children and Young People Funding Package* has earmarked approximately £107 million to reduce social, health and educational disparities

¹ See: Children in Northern Ireland (CiNI) Response to NI Draft Priorities and Budget 2005-08 Consultation.

between children and young people. In addition, it is hoped that this initiative will help to provide those children from the most disadvantaged backgrounds with the best possible start in life. In total, the package amounts to expenditure of around £41 million to be spent in 2006/07 and around £66 million to be spent in 2007/08. While initiatives such as this one are frequently highlighted in the media, a lot less is known about Northern Ireland's relative position with regard to base funding levels for children's services. For example, the spend per pupil in Northern Ireland relative to the UK or per capita expenditure on children's health services.

This paper aims to examine government funding for children in Northern Ireland relative to funding for children elsewhere in the UK for basic public sector services: health, education and housing. In particular, the research looks at the degree of children in greatest need in Northern Ireland compared with the rest of the UK and comments on the suitability of relative funding levels.

Approach

For research purposes, the definition of children in this report is generally considered to be those aged 0 to 17 years old. However in some instances, where stated, the data is only available for children aged under 16 years. While the Institute had hoped to include expenditure data for disabled children and young people up to and including the age of 21, unfortunately data for this cohort was not attainable, as government departments do not separate lines of expenditure into disabled and non-disabled. To allow for more a meaningful analysis of public expenditure on children and young people, the ERINI has opted to provide the most up-to-date expenditure data where available and thus the majority of data relates to the 2004–05 financial year.

The information used in this work is drawn from a range of sources: Public Expenditure Statistical Analysis (PESA), Office of National Statistics (ONS), government departments, various government publications and academic reports. The report assesses where possible relative identifiable expenditure for the various regions and attempts to assess why differences in expenditure might occur. For example, needs might vary from region to region or perhaps some regions use their funding more efficiently than others and provide children with a high standard of service for less money. Some regions which experience under utilisation of services or lower expenditure could simply reflect differences in regional salaries. For school expenditure in particular, achieving economies of scale will impact upon overall expenditure, hence rural and urban populations will vary in expenditure per pupil. Thus we need to be cautious before drawing conclusions based on direct comparisons of spending levels or service use.

The data compiled for this research undoubtedly raises a number of questions and where appropriate, possible explanations for any expenditure differentials are proposed. However, for an in-depth justification of public expenditure and its variation between regions an objective and transparent needs assessment would ultimately be required. Conversely the consequences of triggering a formal needs assessment may not turn out to be in Northern

Ireland's interest. (See NIEC 2003)². Thus we must ask ourselves whether or not we should focus on relative expenditure for children vis-à-vis England, Wales and Scotland (something which is important for equality purposes), or whether the focus should be on the *absolute* changes in our local funding. In addition, should policy makers concentrate on local expenditure priorities, efficiencies and effectiveness of government spending and make decisions on whether or not funding formulas within government are working to the advantage of all children?

The structure of the report is as follows: the next section provides a general introduction to the demographic structure in Northern Ireland and Great Britain and looks at relative child poverty and need. This is followed by an examination of Northern Ireland's public expenditure in terms of its mechanisms and modus operandi. The remainder of the report examines the principal expenditure areas affecting children (namely health and social services, education and housing). Annexes provide additional material.

² See NIEC (2003) Research Monograph 10: *Funding The Northern Ireland Assembly: Assessing The Options*, Professor David Heald with A Statement by the Economic Council.

Section 1.

CHARACTERISTICS: DEMOGRAPHY AND SOCIO-ECONOMIC FACTORS

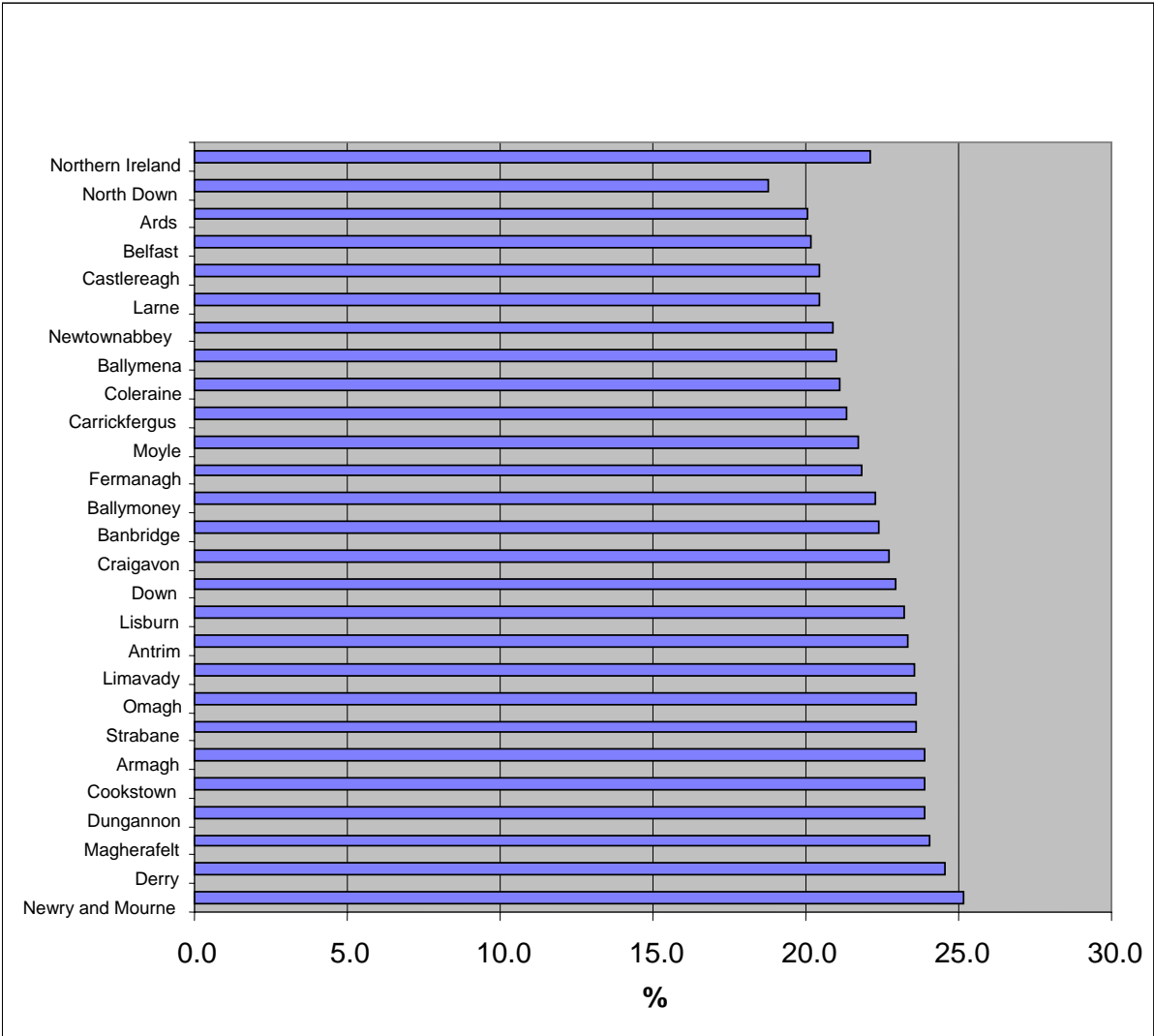
According to the 2001 Census there were 1,685,627 people living in Northern Ireland, representing 2.8 per cent of the total UK population. The NISRA mid-year population estimates (June 2005) show that the population is continuing to rise and is estimated at 1,724,408. The number of children under 16 years continues to decline (falling by 0.5 per cent between 2004 and 2005) and the number of people of working age and pensionable age has continued to grow by 1.22 per cent respectively between 2004 and 2005. Despite the number of children declining, the data show that in 2005 Northern Ireland had the highest proportion of children aged from 0–17 (25.2 per cent) relative to other UK countries, with the proportion of children in the equivalent age group in the UK as a whole amounting to 21.9 per cent.

Table 1.1 Age Structure of United Kingdom Population, 2005					
Age band	Northern Ireland	England	Scotland	Wales	United Kingdom
Population (thousands)					
0–17	434.7	11048.2	1059.0	646.9	13188.7
18–44	659.0	19057.5	1887.9	1029.1	22633.7
45–64	394.3	12267.7	1314.7	761.5	14738.3
65 and over	236.3	8058.2	833.1	521.2	9648.7
Total	1724.4	50431.7	5094.8	2958.6	60209.5
As a % of Total Population					
0–17	25.2	21.9	20.8	21.9	21.9
18–44	38.2	37.8	37.1	34.8	37.6
45–64	22.9	24.3	25.8	25.7	24.5
65 and over	13.7	16.0	16.3	17.6	16.0
Total	100.0	100.0	100.0	100.0	100.0

Source: ONS Mid-2005 Population Estimates

Within Northern Ireland there is also slight variation in the age structure of the population between local districts. Newry and Mourne District has the highest population of children aged between 0–15 (25.2 per cent) and North Down had the smallest proportion (18.8 per cent). (See Figure 1.A below)

Figure 1.A Northern Ireland – Percentage of Total Population Aged 0–15, Mid-2005



Source: NISRA mid-2005 population estimates

1.1 Population Projections

Table 1.2 below shows that the age composition of Northern Ireland’s child population has changed dramatically over the last decade. The number of pre-school-aged children had fallen by 17.3 per cent between 1991 and 2004 and a decline in the number of school children aged 5–9 has also been observed. Such a trend will undoubtedly have an impact upon public services such as health and also education³.

Using NISRA population projections, it is expected that the number of pre-school and school children will continue to decline but this decline will be not nearly as dramatic as that experienced during the 1990s. Table 1.2 also shows that between 2004 and 2014, it is expected that the age 0–4 cohort will level off, declining by only 1.9 per cent. The 5–9 cohort

³ NB: It should however be noted that only a very small element (less than 5%) of school’s running costs and support services vary directly in line with the number of pupils.

will decline by approximately 8 per cent and the age 10–14 cohort will decline by 13.8 per cent.

Table 1.2 Age Composition of Northern Ireland Children, Historical and Projected			
Age Band	Population (thousands)		
	Children 1991	Children 2004	Projected Child Population 2014
0–4	131,877	109,090	107,000
5–9	130,662	120,184	110,000
10–14	129,210	127,679	110,000
15–19	128,339	132,984	120,000

Source: NISRA Mid-year Population Estimates 1961–2005; NISRA 2004-based Population Projections

NISRA's 2002 based population projections by education and library boards show that the Belfast Education and Library Board will endure the greatest decline in child population (30.4 per cent) by 2017 and the Southern Education and Library Board will experience the least decline (4.39 per cent). See Table 1.3 below.

Population trends will of course have a significant influence on public expenditure requirements; for example, in health services it is generally accepted that infants and geriatrics place the largest burden on the state in terms of public spending. However, other characteristics of a region, in terms of economic activity and deprivation levels also play a key role in determining where public monies are directed.

Table 1.3 Child Population Projections by Education and Library Board			
	2002	2017	% Decline
Belfast Education and Library Board	58,221	40,505	30.43
North Eastern Education and Library Board	89,404	82,343	7.90
South Eastern Education and Library Board	86,871	74,608	14.12
Southern Education and Library Board	86,707	82,898	4.39
Western Education and Library Board	71,812	64,366	10.37
Northern Ireland	393,015	344,720	12.28

Source: NISRA, 2002 based projections

1.2 Other Influences on Public Expenditure

Northern Ireland is characterised by high levels of economic inactivity, disability and lone-parent households. In addition, it is associated with low levels of educational attainment⁴ in the population at large and carries a legacy of political instability. All these factors merge to place excessive strain on public finances, which are stretched to provide a reasonable standard of living for disadvantaged individuals and their dependants. Table 1.4 below sets out data from the *Family Resources Survey* and shows that in Northern Ireland a much higher percentage of total weekly household income comes from social security benefits and disability benefits relative to other regions.

Relative to Great Britain, Northern Ireland has more children living in households receiving income support (19.9 per cent) compared with 16.1 per cent for Great Britain in 2004. In total 28.3 per cent of all children in Northern Ireland in 2004–05 lived in households receiving disability living allowance, jobseeker's allowance, incapacity benefit or income support⁵.

4 NB: In autumn 2004, Northern Ireland had the highest percentage of economically active adults with no qualifications in the UK (17.5% in NI vs 10% for the UK as a whole). (DTI, 2004.)

5 NB: The *Family Resources Survey* defines a child as "All those aged 16 or an unmarried 16–18 year-old in full time non-advanced education".

Table 1.4 Components of Total Weekly Household Income by Region

Percentage of Total Weekly Household Income Source of Income 2002–03										
Government Office Region	Wages and Salaries	Self Employ- ment Income	Invest- ments	Tax Credits	State Retire- ment Pension plus any IS	Other pensions	Social Security disability benefits	Other Social Security benefits	Other sources	Sample Size (=100%)
North East	58	6	2	1	8	9	5	10	2	1,166
North West and Merseyside	62	11	2	1	7	7	3	6	2	2,967
Yorkshire and the Humber	65	7	2	1	7	7	3	6	3	2,269
East Midlands	65	8	2	1	7	7	3	6	3	1,822
West Midlands	63	11	2	1	6	7	3	6	2	2,182
Eastern	68	8	3	-	6	7	1	4	3	2,239
London	68	11	2	-	4	5	1	6	3	2,690
South East	67	10	3	-	5	8	1	3	3	3,468
South West	63	8	3	1	7	9	2	5	2	2,138
England	65	9	2	1	6	7	2	5	3	20,941
Wales	60	6	2	1	8	9	5	7	2	1,324
Scotland	65	7	2	1	7	7	3	6	2	4,695
Northern Ireland	60	12	1	1	6	5	5	8	2	1,750
United Kingdom	65	9	2	1	6	7	2	6	3	28,710

Source: FRS

http://www.dsdni.gov.uk/family_resources_survey_2002-2003_-_income_state_support_receipt-2.pdf

Table 1.5 below sets out the quintile distribution of income for children in households receiving various benefits. The majority of children fall into the bottom two quintiles.

Table 1.5 Quintile Distribution of Income for Children in Various Family and Household Characteristics (Northern Ireland)

Benefit / Tax Credit Receipt of Family	Bottom Quintile	Second Quintile	Third Quintile	Fourth Quintile	Top Quintile	All Children ('000)
Disability Living Allowance	29	28	29	8	7	54.0
JSA	82	9	0	8	0	8.5
Incapacity Benefit	31	21	33	12	3	29.5
Tax Credits	24	25	28	18	5	236.9
Income Support	55	34	10	1	0	71.2
Housing Benefit	55	34	10	1	0	59.8
Not in receipt of any Benefit/Tax Credit listed above	18	17	16	23	26	117.2

Source: FRS 2004/05

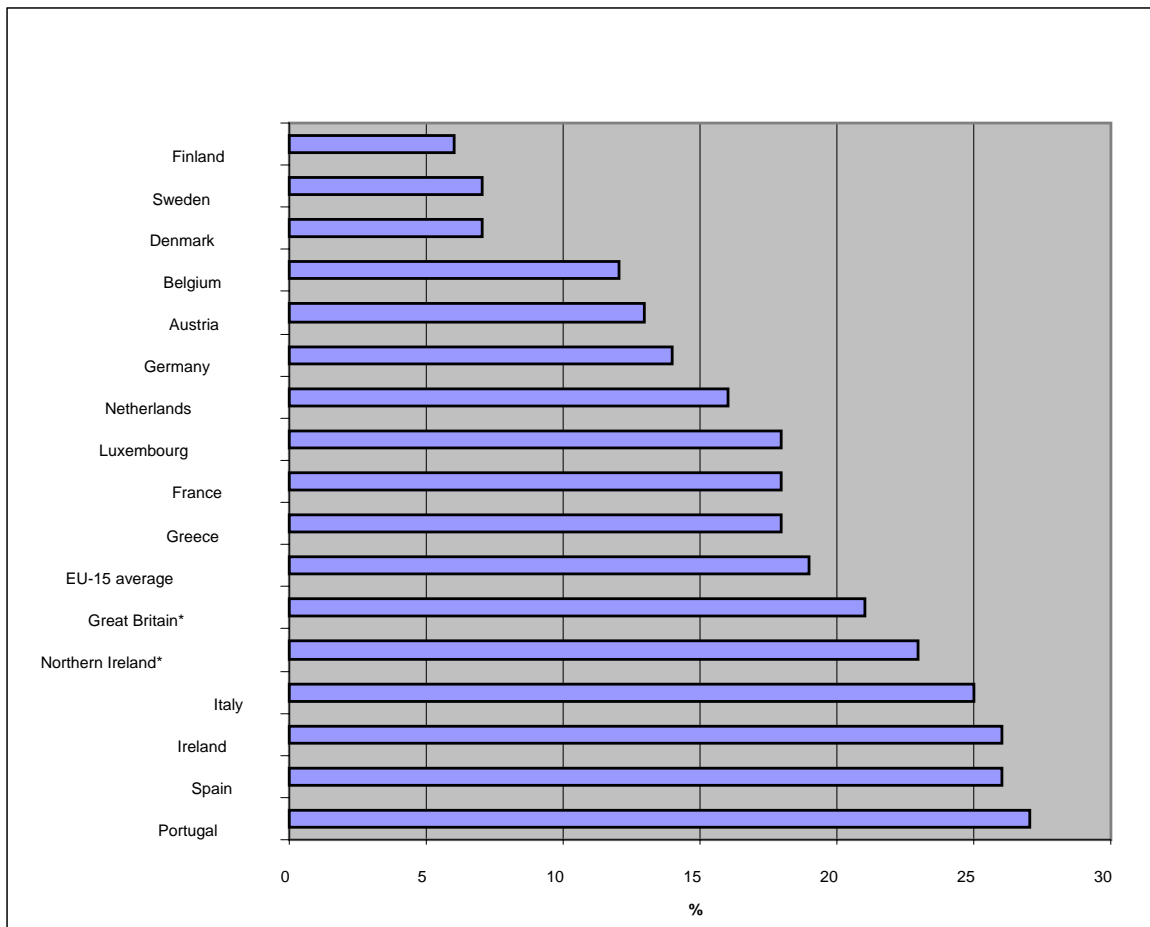
1.3 Child Poverty

The socio-economic status of children is also influential on public expenditure requirements. In 2001, the UK was identified as having the fifth highest child poverty rate out of all the EU 15 countries (see Figure 1.B below). Northern Ireland's child poverty rates were at that time (and continue to be) among the worst in the UK.

Fortunately since the international data were gathered, the UK child benefit package in terms of child tax credits and benefits has much improved – causing child poverty rates in both Britain and Northern Ireland to fall. Estimates of the decline in numbers of children facing poverty have more recently been carried out at the national level. For example, the IFS (2005) estimate between 2002/03 and 2003/04 child poverty numbers fell by 100,000 when measured after housing costs (AHC) but was unchanged when measured before housing costs (BHC)⁶. This research notes that changes were smaller than might have been anticipated for two main reasons – first, administrative problems were encountered with the new tax credits in the first quarter of 2003/04 and secondly, the number of children living in families where no adult works rose, according to the Households Below Average Income survey (HBAI), although the researchers note that this is at odds with evidence from other sources.

⁶ NB: these figures are rounding to the nearest 100,000. Source: IFS (2005) Mike Brewer Alissa Goodman, Jonathan Shaw, Andrew Shephard, *Poverty and Inequality in Britain*. Commentary No 99

Figure 1.B Children Living in Households with Incomes Below 60% of the Median, EU Comparisons 2001



Source: Eurostat from European Community Household Panel and national sources for Denmark and Sweden
 *Northern Ireland and GB data for 2002/03 – taken from DSD Households Below Average Income, Northern Ireland, 2002–03

Sutherland (2004)⁷ also provides estimates of the likely reduction in UK poverty rates by 2004–05 resulting from policy changes from 1997. Using the OECD equivalence scale Sutherland estimates that before housing costs, the number of children facing poverty (using income 60 per cent below the median measure) has fallen from 3,460,000 in 1997 to 2,250,000 in 2004–05. The rate of children facing poverty during this time frame has fallen by 9 per cent. (See Table 1.6 below).

⁷ Sutherland, H. (2004) Poverty in Britain: the impact of government policy since 1997. A projection to 2004-05 using microsimulation.

Table 1.6 Simulated Estimates of Poverty in 1997 and 2004–5: Before Housing Costs and using the Modified OECD Equivalence Scale

	All		Children		Children in 2 parent families		Children in 1 parent families		People over pension age	
	Number (000)	Rate (%)	Number (000)	Rate (%)	Number (000)	Rate (%)	Number (000)	Rate (%)	Number (000)	Rate (%)
(a) 1997 policies and incomes	10,910	19	3,460	27	1,980	20	1,480	49	2,410	24
(b) 1997 policies, 2004–5 incomes	12,160	21	3,650	28	2,120	22	1,630	53	3,120	31
(c) 2004–5 policies and incomes	8,830	16	2,250	18	1,330	14	920	30	2,220	22
Reduction (c) – (a)	2,080	4	1,210	9	650	7	560	18	200	2
Reduction (c) – (b)	3,330	6	1,400	11	790	8	700	23	900	9

Source: POLIMOD based on 1999/2000 Family Resources Survey data.

Note: Poverty is measured as the numbers of people living in households with equivalised income below 60% of the within-scenario median (modified OECD equivalence scale). Figures are rounded to the nearest 10,000 persons percentage point. This does not necessarily mean that estimates are statistically significant to the level shown. Rows or columns may not add due to rounding.

Source: Sutherland (2004)

Sutherland's estimates are slightly lower than estimates published by the Department of Social Development Northern Ireland (DSDNI 2005)⁸ which show that the number of children in GB falling into this category (i.e. below 60 per cent of median income threshold, before housing costs) is approximately 2,430,000 which is 19 per cent of all children. For Northern Ireland the respective figures for 2004/05 are estimated at 103,600 children, i.e. 24 per cent of all children locally. However, when the data are adjusted for housing costs, Northern Ireland's income poverty rate falls below the GB average (see Table 1.7 below).

⁸ DSDNI (2005) *Households Below Average Income: Northern Ireland*

Table 1.7 Number and Percentage of Children Below Thresholds of Contemporary GB Median Income (2004/05)

	Below Median 60%	All Children (000s)
Before Housing Costs		
Northern Ireland	24	430.3
GB	29	12,552.0
After Housing Costs		
Northern Ireland	24	430.3
GB	27	12,552.0

Source: NISRA (2005) Households below Average Income, Northern Ireland 2004/05

1.4 Northern Ireland Child Poverty Rates: Various Measures

As table 1.7 above shows, poverty levels can vary significantly depending upon the measurement used. Various poverty measures have been applied to the local economy, for example in 2003 Hillyard et al used the consensual mixed income deprivation method. Their study found that, 185,000 households in Northern Ireland were poor and 148,900 children were living in poor households. (See Democratic Dialogue 2003).

Hillyard's research, which was funded by the Office of First and Deputy First Minister (OFMDFM), showed that 38 per cent of children in Northern Ireland were living in households that had low incomes and lacked three or more necessities. The research also showed that a fifth of all households lacked six or more items because they could not afford them. Hillyard (2003) also noted that the risk of poverty is higher in Northern Ireland than in Britain and a further 12 per cent of children are at risk of falling into poverty i.e. they live in a family which has a number of risk factors, e.g. three or more children, lone parent, or disabled member – the author asserts that in effect this means that every other child in the region is living in, or at risk of, poverty.

Moneith and McLaughlin (2006) estimate that 8 per cent of all children were living in severe poverty in Northern Ireland in 2002/3. The authors show that using the government's new *absolute poverty* measure results in 14 per cent of the child population falling into this category, but this increases to 38 per cent if the *consensual poverty* measure is used⁹. This

⁹ N.B: Consensual poverty indicators are based on surveys. Respondents are presented with a list of goods and services and are asked whether they consider them a necessity or not and whether they own or consume them or not. Of those items that the respondents consider necessary but do not possess or enjoy, a further question is asked about whether this is so as a matter of choice or because they cannot afford them. Consensual poverty is defined as the lack of three or more 'necessities' due to inability to afford them. The problems with this approach are manifold. A number of relevant drawbacks with regard to the Consensual Poverty measure are discussed in

translates into 31,850 children living in severe poverty and a 166,288 living in non-severe poverty (using the consensual measure). As noted earlier, poverty levels can vary dramatically depending upon the measurement used. For the purposes of this research ERINI will use the most recent official figures published by DSDNI (2005), which show that the number of children in Northern Ireland falling below 60 per cent of median income threshold, before housing costs) is approximately 103,600 which amounts to 24 per cent of all children locally.

Horgan (2005) points out that not only is child poverty higher in Northern Ireland, but the cost of bringing up children is also higher. The cost of food in Northern Ireland is considerably higher than in Britain, even when compared to London and the South East (See Annex A for ONS Regional Price level comparisons data). The 2003–4 Family Spending Survey found, for example, that the average amount per household spent on food is 20 per cent higher in the North of Ireland than in the North East of England (ONS, 2005). Even taking the larger household sizes into account, the cost of basic foodstuffs in Northern Ireland is considerably higher. As a result it is even more difficult for parents to provide a nutritious diet for their children, which has knock on effects for childhood health and obesity problems. Horgan (2005) also highlights the increased cost of clothing and home heating for Northern Ireland households and the relatively high incidence of fuel poverty; all of which contribute to a greater risk of severe poverty for Northern Ireland children compared to children in Britain. Research by Monteith and McLaughlin (2004) confirm this greater risk despite families receiving similar levels of benefits.

More recent research on child and family poverty carried out by McLaughlin and Monteith (2006) suggests that children in Northern Ireland continue to be affected by poverty and that more resources (in terms of public expenditure) are required to alleviate economic disadvantage.

The needs of children and their families in deprived areas in Northern Ireland remain weakly served by public services... Without significant additional public expenditure dedicated to public services for children and parents however it is difficult to see how a common platform of citizenship and social rights can be said to exist for children and young people in Northern Ireland and GB. (Marina Monteith and Eithne McLaughlin, 2006.)

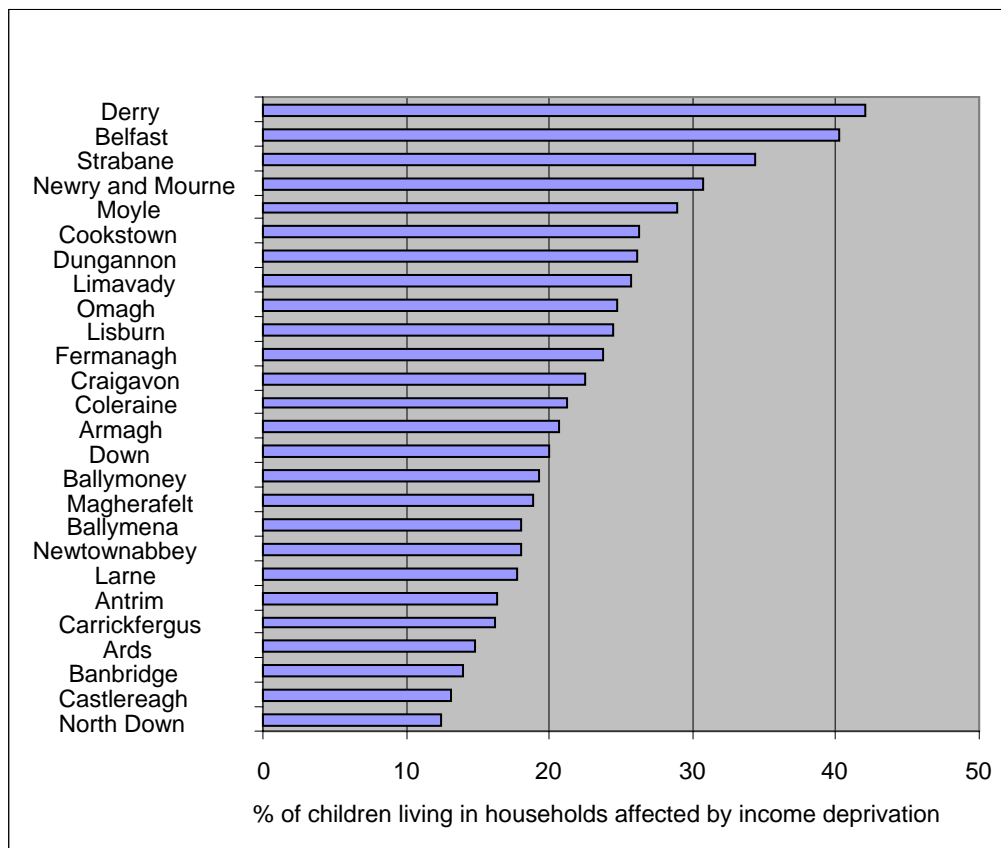
1.5 Income Deprivation Affecting Children in Northern Ireland Districts

The Northern Ireland Multiple Deprivation Measure (NIMDM) 2005 report on deprivation indicators also paints a bleak picture, with 42 per cent of children in Derry District Council living in households affected by income deprivation in 2003. For Belfast the equivalent figure was 40 per cent. Figure 1.C below shows that at the district level there was also considerable variation in terms of children affected by income deprivation. While the districts of Derry, Belfast and Strabane scored badly in terms of child deprivation; North Down, Castlereagh and

McKay, S. (2004). "Poverty or preference: what do 'consensual deprivation indicators' really measure?", in: *Fiscal Studies*, vol. 25, n. 2, June 2004. London: The Institute for Fiscal Studies

Banbridge had the lowest incidence of children living in households affected by income deprivation.

Figure 1.C Income Deprivation Affecting Children, 2003 Data



Source: NIMDM (2005)

1.6 Government Measures to Alleviate Child Poverty

As noted above the UK Government outlined ambitious plans to eliminate child poverty. Much attention has been given to the tax and benefit side of their overall strategy in which reforms were designed to increase the income of households with children. The introduction of a national minimum wage, and other welfare to work policies have also aimed to reduce levels of workless households with children. Public policy initiatives such as Sure Start¹⁰ and the National Childcare Strategy in Britain have sought to develop early years services and meet demand for affordable childcare for working parents. However, Monteith and McLaughlin (2006) point out that availability of affordable childcare for working parents (publicly supported or otherwise) varies between the countries and regions of the UK. In addition, they note that the operation and funding of Sure Start has also been territorially diverse (for a more in-depth study of Sure Start see Section 4) and the additional service support for families and carers made available in England and Wales on foot of *Every Child Matters* (2003) has not been replicated in Northern Ireland.

¹⁰ NB: This cross-cutting initiative brings together existing services (and develops new services) for pre-school children and targets support for deprived neighbourhoods.

McLaughlin, and Monteith (2005) conclude that because of successful government initiatives and funding in GB to reduce child poverty there has developed "a further widening of the considerable deficit which already existed in the quantum of public services for families and children between Northern Ireland and the rest of the UK". Whether this deficit will be rectified with the implementation of Northern Ireland's *Anti-Poverty Strategy* and the recently published *10-Year Strategy for Children and Young People* remains to be seen.

Over the last year however, extra funding for children has been an important feature of the direct rule government. As noted earlier, the *Children and Young People Funding Package* has earmarked approximately £107 million to reduce social, health and educational disparities between children and young people. In addition, it is hoped that this initiative will help to provide those children from the most disadvantaged backgrounds with best possible start in life. In total the package amounts to expenditure of around £41 million to be spent in 2006/07 and £66 million to be spent in 2007/08.

This funding package can be broken down into four broad categories:

(1) Funding for voluntary and community sector (VCS) projects (£14.6 million is to be made available over two years, 2006/07 and 2007/08), to assist VCS projects working with children in disadvantaged areas whose funding would otherwise have ended.

(2) Funding for **six themes** (totalling just over £60 million), these themes include:

- Extended schools (£12.27m/£13.3m)
- Extended early years provision £3.85m/£7m)
- Looked-after children / vulnerable young adults (£2.85m/£2.75m)
- Youth outreach (£0.75m/£1.025m)
- Child protection (£1.8m/£2.55m)
- Children with special needs and disabilities (£5.9m/£6.675m)

(3) **Additional schools funding** (an additional £26 million). This additional funding was made available as a result of the Chancellor's budget. It is anticipated that £20 million out of this £26 million will be allocated directly to schools in the next two years. The £10 million earmarked for 2006/07 has already been allocated to schools in Northern Ireland.

(4) **An additional £6m** became available from the Chancellor's pre-budget report. This additional money was announced in January 2007 and breaks down as follows:

- £4 million for parents and families
- £1 million for speech and language therapy provision
- £0.5 million for wheelchair provision
- £0.5 million for young carers

Bringing the funding package total to approximately £107 million.

1.7 Northern Ireland v UK – The Gap

Table 1.8 below provides data for a number of indicators of child needs. It is apparent that for a significant number of indicators, more children in Northern Ireland fall into categories which are associated with economic and social deprivation than their counterparts in GB.

Table 1.8 Indicators of Child Needs in UK Regions, Various Dates					
	Wales	England	Scotland	NI	GB
- % Children living below 60% of median income. (After Housing Costs FR Survey 2003-04)	27	29	23	23.4	27.2
- % of Children living in workless households Source: ONS LFS	14.3	16.3	16.5	18.3	16.2
The proportion of Lone Parent Households (2005) <i>Reg Trends</i>	7	7.2	7.3	8.8	7.2 (UK)
- % pupils eligible for free school meals (2005)	17	16.9	18.5	19.9	-
- % pupils with Statement of Special Ed needs, (2004)	3.3	3	4	2.7	-
% Boys (0-15) with longstanding ltd illness (2004-05)	-	-	-	9	6.5
% Girls (0-15) with longstanding ltd illness (2004-05)	-	-	-	6	6
Rate per ,000 of children looked after* (2004-05)	5.5	5.5	10.5	5.4	
Rate per 10,000 of population 18 and under on Child Protection Register (2005)	33	24	20	31	-
% Children in social rented housing (FRS)	-	-		12.6	23
Percentage of Children suffering from Mental Health Problems**	6.4 (5–10 yr olds) 12 (11–15 yr olds)	10.1 (2004)	8.3 (2004)	20 (1999)	9.6 (2004)

* In England, Wales and Northern Ireland these figures refer to children placed on a care order with adults who have parental responsibility for them. In Scotland they include children on home supervision orders.

** Source: GB data ONS (2004) Mental Health of Children and Young People in Great Britain, 2004 / NI Estimate taken from: Chief Medical Officer's Report "Health of the public in NI".

Section 2.

THE PUBLIC EXPENDITURE SYSTEM

Northern Ireland operates under the same public expenditure regime as the rest of the United Kingdom. The purpose of this regime is to exercise control over the quantity and nature of public spending and the focus of the system is therefore on those aggregates that facilitate this role. The broad parameters of the public expenditure system, including definitions of what constitutes the public sector for accounting purposes accord with the system of National Accounts.

The current public expenditure control regime dates from 1997 and has two key features. The first of these is the definition of the major control aggregates and the second is the adoption of a Resource (accruals) budgeting and accounting system rather than the use of cash accounting.

There are two main control aggregates:

(1) Departmental Expenditure Limit

The Departmental Expenditure Limit (DEL) applies a three-year spending profile to those items of expenditure that can be controlled with a good degree of success. This includes most operational expenditure such as the wages and salaries of public sector employees and the purchase of goods and services by the public sector.

(2) Annually Managed Expenditure

Annually Managed Expenditure (AME) encompasses those elements of public expenditure that are too volatile to be forecast and controlled over a run of years. Typically AME involves demand-led programmes such as social security benefits. Forecasts for AME are usually reviewed twice per year.

DEL and AME together are known as Total Managed Expenditure (TME). Within DEL and AME there is a further control classification between the Resource Budget and the Capital Budget. The latter is relatively straightforward since it represents spending that creates capital assets owned by government such as buildings and roads. The standard rule is that funds allocated to this budget cannot be shifted to the Resource budget thus providing a measure of protection for capital projects. The Resource budget is a more complicated affair. The bulk of this budget consists of current expenditure on goods and services by the public sector and within this is a separate and ring-fenced allocation for administration costs. In the period covered by this report however the Resource budget also contained capital grants to the private sector (from 2006–07 these grants will score to the capital budget). In addition the Resource budget contains certain 'non cash' items of which the most important is a charge on the public capital estate. This capital charge represents an opportunity cost incurred because when the public sector invests it uses resources that could have been used to generate a return in the private sector. Although there is no actual cash payment these charges do use up some

of the fixed amount of Resource DEL that is available. They are therefore a discipline on the public sector indulging in capital spending it does not need.

2.1 The Barnett Formula

Totals for the Northern Ireland Resource DEL (and administration costs) and Capital DEL are set in the UK Spending Reviews which normally occur biennially. The totals are adjusted through the use of a population-based formula which gives Northern Ireland (and Scotland and Wales) its population share of any change in comparable expenditure in England. This is the famous 'Barnett Formula'. It should be noted that the formula makes changes at the margin in established baselines rather than starting from a clean sheet in each Spending Review. It also works only on comparable expenditure. Thus Northern Ireland gets nothing for water and sewerage services because these have been privatised in England and there is therefore no comparable English expenditure. There are also complications when some expenditure on items such as education and personal social services are carried out by local authorities in England but by central government departments or non departmental public bodies in Northern Ireland¹¹.

That part of the Resource DEL that is covered by the Barnett Formula is known as the 'assigned DEL' since it is usable at the discretion of the NI Assembly (the Secretary of State under direct rule). There is no presumption that comparability works at the level of individual programmes so there is no need for allocations to programmes in Northern Ireland to mirror their counterparts in England. Instead the assigned part of the total Northern Ireland spending block is allocated to reflect local priorities which may or may not coincide with those in England. Annex B is an illustration of this point. It shows, for a detailed breakdown of education spending in England, which components are comparable for the purposes of the Barnett Formula in Scotland, Wales and Northern Ireland. In most instances the comparability is 100 per cent, meaning that these territories get their full population share of any change in expenditure in England. It does not mean that this money necessarily goes anywhere near the activities that, in a sense, generate it. In this respect it could be argued that this goes against the recommendation of the UN CRC (2002) which states that "State parties identify priorities and allocate resources to the maximum extent of available resources". For example, where Northern Ireland gets its share of a change in Sure Start expenditure in England and yet this does not go toward Sure Start in Northern Ireland, this represents a failure to allocate resources to the maximum extent of available resources or suggests that Sure Start is not a local government priority.

The remainder of the Northern Ireland DEL is known as the 'non assigned DEL'. At present this consists of additional and ring-fenced funding to cover expenditure under the EU Peace and Reconciliation Programme and funding for all other European Union programmes.

11 Full details of the funding arrangements for the devolved countries can be found in; 'Funding the Scottish Parliament, National Assembly for Wales and Northern Ireland Assembly-A Statement of Funding Policy', H.M. Treasury, July 2004 (4th edition).

2.2 Receipts and Other Funding

Public expenditure is measured net of certain receipts and there is thus a distinction to be drawn between public expenditure (net) and 'spending power' – public expenditure measured gross of usable receipts. The treatment of receipts is quite complex but the general principle is that where a receipt is a payment for a service that was provided from public expenditure it can be treated as 'negative public expenditure' and boosts the gross expenditure available within the fixed DEL (net). Revenue from taxes and fines or charges analogous to fines cannot usually be recycled and are surrendered as revenue to the UK Consolidated Fund. However, an important exception in Northern Ireland is that the proceeds of the regional rates can be used to increase local spending¹². The interaction of the rates and the Barnett Formula can cause some difficulties for Northern Ireland. Education spending in England, for example, is part funded by local authority council tax receipts as well as central government grants. Northern Ireland gets a Barnett share of the grants to local authorities but obviously not on council tax since we are expected to bear equivalent costs on our local regional rates. To the extent that Northern Ireland does not make an equivalent rates contribution, the shortfall has to be made up by shifting expenditure from other programmes.

Receipts from the sale of public sector capital assets can normally be recycled to increase spending. However, there are general limits of up to £100 million for any single item and 3 per cent of total allocations beyond which HM Treasury will seek to claw back the excess. In addition the proceeds of privatisations or similar sales can be reclaimed in total by the Treasury. As part of the Reinvestment and Reform Initiative (RRI) for Northern Ireland, which was agreed in 2002, certain surplus security sites were transferred to the NI Assembly for use or disposal at its discretion. The receipts from such sales are retained by the NI Block but equally the cost of refurbishment and reinstatement of sites that are retained is a charge on public expenditure.

Another feature of the RRI was the introduction of a borrowing facility of up to £200 million per annum for the NI Assembly. This mirrors the introduction of prudential borrowing arrangements for local authorities in Great Britain. The borrowing has to be serviced by a new income stream generated by an additional charge on the regional rate and it is a condition of access to the borrowing that the per capita rate burden in Northern Ireland should converge with the per capita council tax burden in England.

Table 2.1 below shows total public spending per head in Northern Ireland, Wales England and Scotland, broken down by service. These figures are taken from HM Treasury's Public Expenditure Statistical Analyses, and show that in 2004–05 Northern Ireland spent an average of around £8,566 per person, which was 32 per cent higher than in England and 11 per cent higher than in Scotland.

¹² There are two rates in Northern Ireland, a regional rate set by the NI Assembly (or Secretary of State under direct rule) to part fund local services delivered by Government departments and a District rate set by the District Councils to part fund their activities.

The balance of spending between services also varies between countries. Compared to the other UK regions, NI spends substantially more per head on education¹³ and social protection but this equates to a similar proportion of its overall budget. For health care, it spends more per head than England and Wales, but a smaller percentage of the overall budget when compared to the other regions. On housing, NI spends more per person and gives over a higher proportion of its budget to this service than other regions.

Table 2.1 Identifiable Expenditure by Country 2004/05

	Spending per head (£s)				Index (UK=100)				As % of total spending			
	Northern Ireland	Eng	Scot	Wal	Northern Ireland	Eng	Scot	Wal	Northern Ireland	Eng	Scot	Wal
Education	1,435	1,086	1,179	1,107	130	98	107	100	16.7	16.9	15.1	15.1
Health	1,476	1,350	1,563	1,421	107	98	114	103	17.2	21.1	20	19.4
Housing	238	114	169	123	195	93	138	100	2.7	1.7	2.1	1.6
Social Protection	3,342	2,600	3,031	3,050	125	97	113	114	39.0	40.6	38.9	41.7
Other									24.4	19.7	23.9	22.2
Total	8,566	6,391	7,786	7,312	129	97	118	111	100	100	100	100

Source: PESA 2005, conversion to 2004–05 prices by ERINI

2.3 Public Expenditure on Children: Methodology

There are several difficult methodological issues to be considered when moving from the general framework for measuring and controlling public expenditure as described above to the specific matter of expenditure of various types on particular age groups. The first point to note is that spending on children and young people translates in practice to spending on behalf of children and young people. Thus, for example, the vast bulk of education spending goes on the salaries of teachers and school staff, the provision of school facilities and provisions and associated ancillary spending. It is assumed that the children are the ultimate beneficiaries of this spending but there are clearly other beneficiaries along the way.

The second point is that the degree of correlation between spending and age group varies very considerably depending on the spending programme being considered. Spending on the education programme is easy to relate to children since that is its primary purpose but other services can be much more difficult to decompose into age groups. Spending on health for example is mostly specific to the patient, but information on the aggregation of these individuals into age groups is not always available and in any case many medical services are in the nature of overheads that have to be apportioned in some fashion over these groups.

¹³ N.B higher per head expenditure reflects both the different age structure in the population and the desire to expand higher education provision in NI, in part in order to reduce the net migration of those well-educated young people who, having studies in Great Britain, may not return. However, higher per head expenditure does not necessarily equate to higher per pupil expenditure.

Other programmes create difficulties because the focus of spending is not on the individual but the family unit or the household.

For each of the programmes covered by this report the approach used to make apportionments when these are needed is described at the relevant point. It is also important to draw a distinction between inputs and outcomes when looking at the allocation of public expenditure to children. The needs of children differ according to their abilities and their circumstances.

Section 3.

HEALTH AND PERSONAL SOCIAL SERVICES

The provision of health care in Northern Ireland principally falls upon the state. Unlike the rest of the UK, the contribution of the private sector health care market is negligible. This means that public funding has to meet a greater proportion of total needs than elsewhere. It also impinges upon HPSS access to private funding and additional capacity which is offered by the private sector elsewhere. In effect, the Northern Ireland health sector is under greater pressure than elsewhere in the UK because state dependency is higher and so too is the rate of “not good health”.

For health and social care in Northern Ireland, total spending levels are a matter of fiscal choice. Government officials will make choices and priorities based upon the expected beneficial outcomes of health spending; examining the opportunity cost between various expenditure options using economic evaluations and also using comparative benchmarking with spending levels in other countries and/or regions. As with other public services, there is no objectively correct answer with regard to how much should be spent on health and social care. For an overview of Northern Ireland’s funding formula see Annex C.

Higher need combined with proportionally more children and a greater degree of rurality suggests that per capita expenditure ought to be higher in Northern Ireland than in other UK regions. This chapter examines both need and health and social services expenditure in Northern Ireland and where possible compares it to other UK regions.

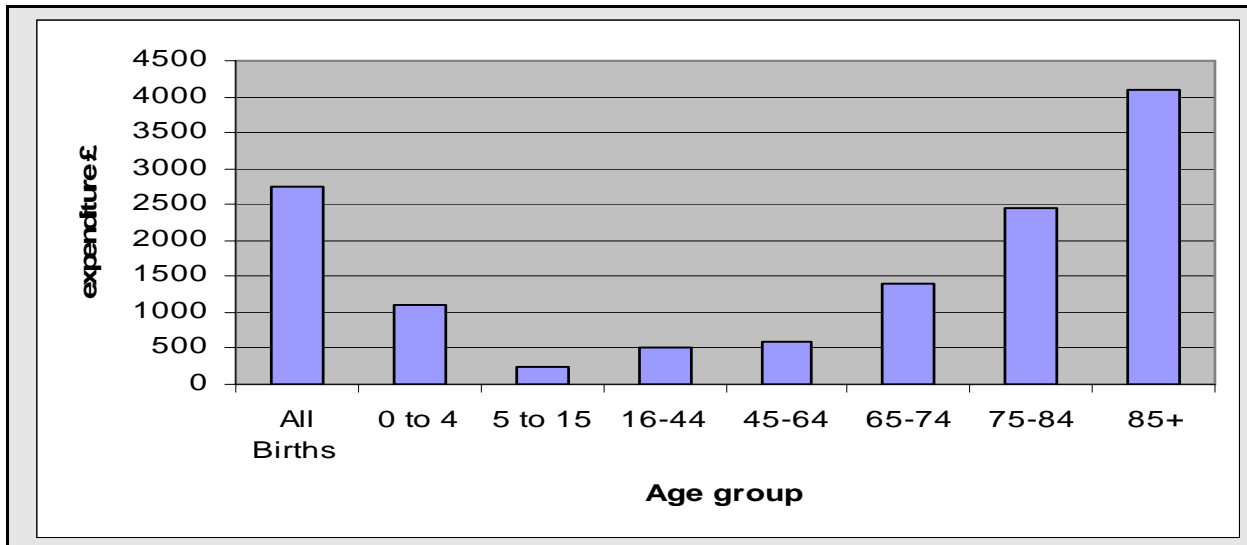
The ONS (2006)¹⁴ shows that rates of not good health varied between 8 per cent in England to 11 per cent in Northern Ireland (rates for Scotland and Wales were 9 and 10 per cent respectively). An independent review of health and social care services in NI carried out by Appleby (2005) also notes that health status in Northern Ireland as measured by the EQ-5D survey¹⁵ was found to be slightly worse than in the rest of the UK; linked to poorer diets, smoking, lack of exercise and other lifestyle and environmental causes. In the UK children in the age 0–15 cohort had the highest rate of good general health at over 90 per cent, with an additional 8 per cent rating their general health as fairly good¹⁶. The pattern of health expenditure generally peaks for children at birth and thereafter declines dramatically by the age of 15 (see Figure 3.A below); this pattern of expenditure is shown below for the UK but would not be dissimilar for Northern Ireland.

¹⁴ ONS (2006): General Health, Higher social groups report best health, 17 Jan.

¹⁵ EQ-5D is a standardised instrument for measuring health outcome. The survey covers a wide-range of health conditions and treatments; it provides a simple descriptive profile and single index value for health status.

¹⁶ Source: ONS (2005). See <http://www.euroqol.org/web/users/whatis.php>

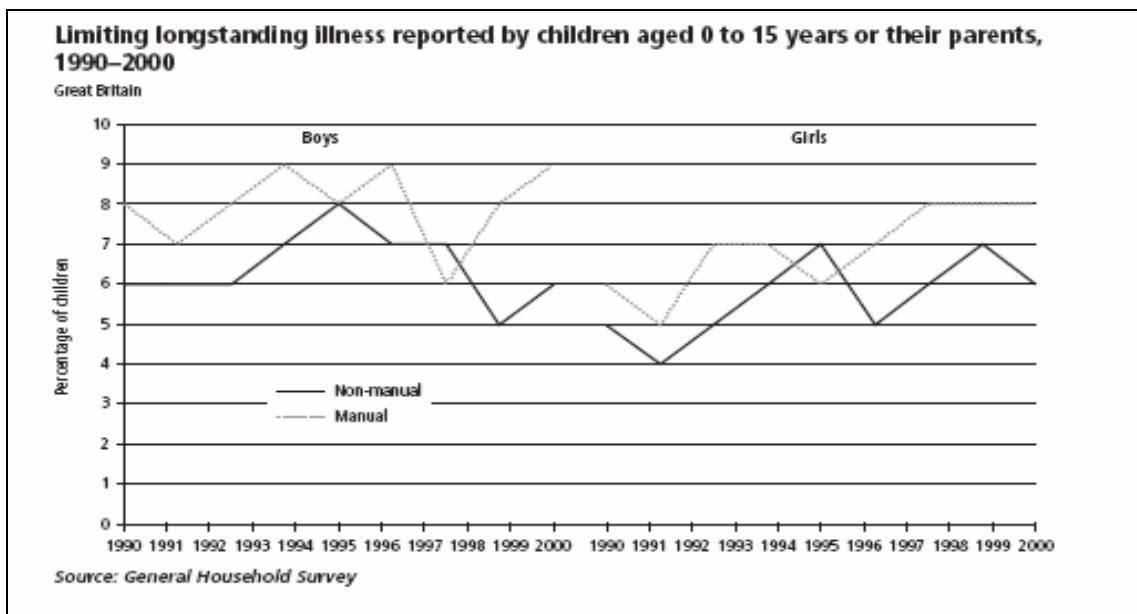
Figure 3.A UK Hospital and Community Health Services Gross Current Expenditure Per Capita 2003-04



Source: Department of Health, Annual Report 2005

Social and economic factors have a significant influence upon children’s health, with children coming from less well off backgrounds experiencing greater health problems. Data from the *General Household Survey* shows that both boys and girls from manual backgrounds experience higher percentages of longstanding illness relative to children from non-manual backgrounds.

Figure 3.B Longstanding Illness Reported by Children by Parental Employment Type



Copied from: <http://www.statistics.gov.uk/Children/downloads/inequalities.pdf>

Public expenditure on health in the UK varies significantly from region to region. PESA data shows that in 2004/05 identifiable public expenditure on health care in Northern Ireland was

around £1,476 per person. This level of expenditure was greater than the equivalent spend in England and Wales by 9.3 per cent and 3.8 per cent respectively. Only Scotland spent more per capita on health care, spending £1,563 per person which was 5.9 per cent more than that spent in Northern Ireland.

Health spending in real terms has risen significantly over the last five years, with expenditure in England showing a 36 per cent increase. Expenditure in Northern Ireland has grown at the slowest rate (29 per cent) when compared to all other UK regions. In the last five years examined the spend-per-head gap between Northern Ireland and England has narrowed, indeed there is a degree of convergence for health expenditure for all the regions. However, due to current differences in need¹⁷, it is expected that expenditure in NI and Scotland will remain higher over the next number of years.

¹⁷ N.B as noted earlier health status in Northern Ireland as measured by the EQ-5D survey¹⁷ was found to be slightly worse than in the rest of the UK - linked to poorer diets, smoking, lack of exercise and other lifestyle and environmental causes.

Table 3.1 UK Identifiable Health Expenditure by Country (£ per head) (in 2004/05 prices)				
	Northern Ireland	England	Scotland	Wales
2000–01	1,142	993	1,190	1,088
2001–02	1,200	1,074	1,227	1,110
2002–03	1,290	1,140	1,391	1,233
2003–04	1,396	1,251	1,487	1,374
2004–05	1,476	1,350	1,563	1,421
% Increase 2000/01 – 2004/05				
	29	36	31	31
UK Identifiable Health Expenditure (£ per head indexed, UK=100)				
2000–01	112	97	117	107
2001–02	110	98	112	102
2002–03	110	97	119	105
2003–04	109	98	116	107
2004–05	107	98	114	103

Source: PESA (2005), Table 8.12 (conversion to 2004–05 prices by ERINI)

Figure 3.C below shows the indexed expenditure per head for various UK regions.

Figure 3.C Health Expenditure per head of Population 2004–05



Source: National Statistics (ONS 2006)

3.1 Evidence of Greater Need in Northern Ireland

Unfortunately, HM Treasury data on relative needs between countries has not been made public since 1979. Despite methodological revisions for assessing local need put forward by the Northern Ireland Executive in 2002¹⁸; no newly proposed evidence on comparative need between NI and England in terms of health or any other service has been accepted by HM Treasury for influencing their deliberations. Having looked at all available evidence, Appleby (2005) concludes that a reasonable need differential between England and Northern Ireland should be around 7 per cent. Although the debate surrounding the exact percentage difference has never been settled; it is generally accepted that Northern Ireland's need is greater and this is perhaps something which the new Executive may wish to revisit with a view to making representations to HM Treasury.

3.2 Breakdown of Health Expenditure

While approximately 47 per cent of all NHS expenditure is allocated to hospitals, 23 per cent of expenditure is directed into family health services (FHS), which is essentially primary health care services. FHS are provided in the community and include the General Medical, General Pharmaceutical, General Dental and General Ophthalmic services. Table 3.2 below shows the per capita spend on family health services for the various UK regions. It is apparent from

¹⁸ N.B The main revision was to increase the importance of deprivation in estimating the relative need for health & social care expenditure, resulting in an increase the relative need for health & social care spend in Northern Ireland from 4% higher than England per head of population to 13% higher.

the table that overall Northern Ireland expenditure for FHS is second only to Scotland because considerably more is being spent on prescriptions per head. However less is spent on General Medical Services (i.e. family doctors providing medical care).

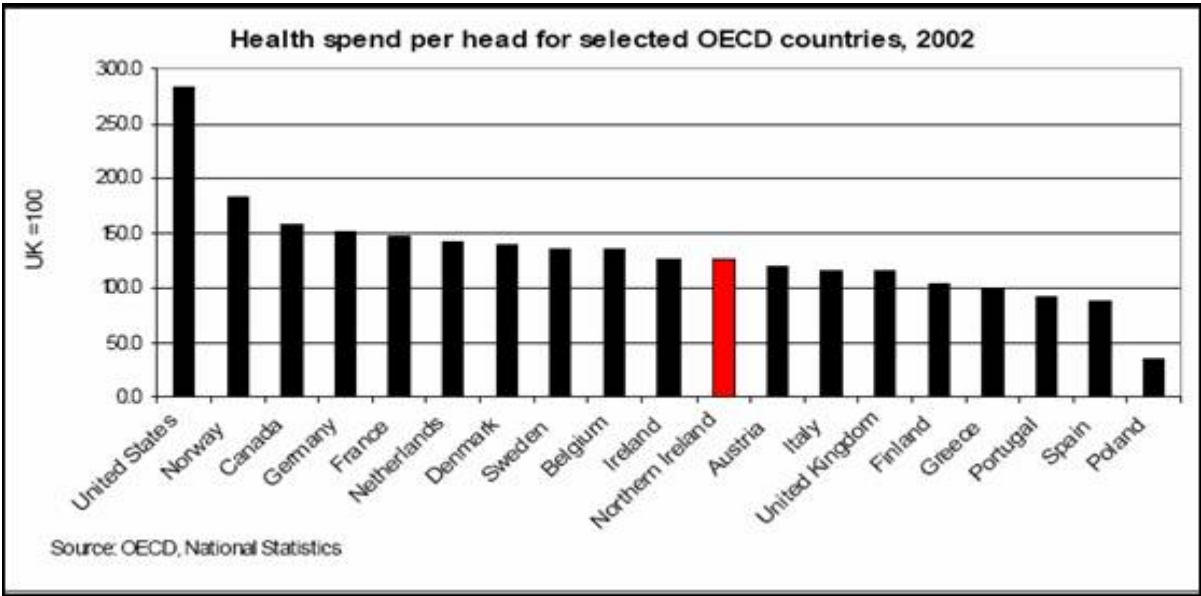
Table 3.2 Family Health Services Expenditure Per Capita (£ cash) 2003/04

	England	Wales	Scotland	Northern Ireland	UK
Family Health Services	297	333	341	337	304
<i>Comprising of:</i>					
General Medical Services	95	92	103	77	95
Cost of NHS Prescription per capita (2004 prices using GDP deflator)	151	186	184	221	158
General Dental Services	37	35	39	39	37
General Ophthalmic Services	6.38	7.49	7.10	8.21	6.55

Source: Compendium of Health Statistics (2005)

Appleby (2005) also points out that although Northern Ireland currently has a higher level of health expenditure than most UK regions, in an international context, spending – in particular, per capita spending – is not particularly high. (see Figure 3.D below).

Figure 3.D Health Spend Per Head for Selected OECD Countries, 2002



Source: Appleby (2005)

3.3 Local Health Expenditure

In Northern Ireland health expenditure can be broken down into three main categories:

1. Hospital expenditure.
2. Community expenditure, and
3. Personal social services expenditure

From Table 3.3 below we can see that hospital expenditure on maternity and children in 2003/04 amounted to £59.3 million (2.4 per cent of the hospitals budget), while community expenditure on children which is principally channelled through the maternity and childcare and the family and childcare programmes amounted to £36.8 million. By far the largest amount of health expenditure on children is channelled through personal and social services (£118.3m) which is responsible for the Family and Childcare Programme, which includes: social work, residential homes, fostering/adoption, family and childcare centres, day care for children etc.

Acute services and elderly care are by far the largest programmes of care in terms of health expenditure with direct expenditure on maternity and child health and family and childcare amounting to 11.6 per cent of *total* health expenditure.

Table 3.3 NI 2003/04 Health Expenditure by Programme of Care (in 2004 prices)

TOTAL EXPENDITURE	Hospitals	PSS	Community	Total
Acute Services	778,138,382	0	0	778,138,382
Maternity and child health	59,324,884	0	34,210,157	93,535,041
Family and childcare	0	118,333,266	2,625,725	120,958,991
Elderly care	107,483,866	343,441,949	62,498,629	513,424,444
Mental health	88,355,338	43,318,387	29,466,852	161,140,577
Learning disability	34,594,194	103,539,349	13,591,190	151,724,733
Physical and sensory disability	4,302,345	46,587,098	15,863,014	66,752,457
Health Promotion	0	0	33,742,567	33,742,567
Primary health and Adult Community	0	1,501,042	52,242,304	53,743,346
Total	1,072,199,009	656,721,091	244,240,438	1,973,160,538
PERCENTAGES	Hospitals	PSS	Community	Total
Acute Services	40.8	-0.3	0.0	40.4
Maternity and child health	2.4	0.0	1.8	4.2
Family and childcare	0.0	7.2	0.3	7.4
Elderly care	4.2	16.5	3.8	24.4
Mental health	2.4	2.1	1.4	5.9
Learning disability	1.1	7.2	0.8	9.1
Physical and sensory disability	-0.7	2.8	1.3	3.4
Health Promotion	-0.1	0.0	1.3	1.3
Primary health and Adult Community	0.0	0.1	3.8	3.9
Total	50.0	35.6	14.5	100.0

Source: Appleby 2005

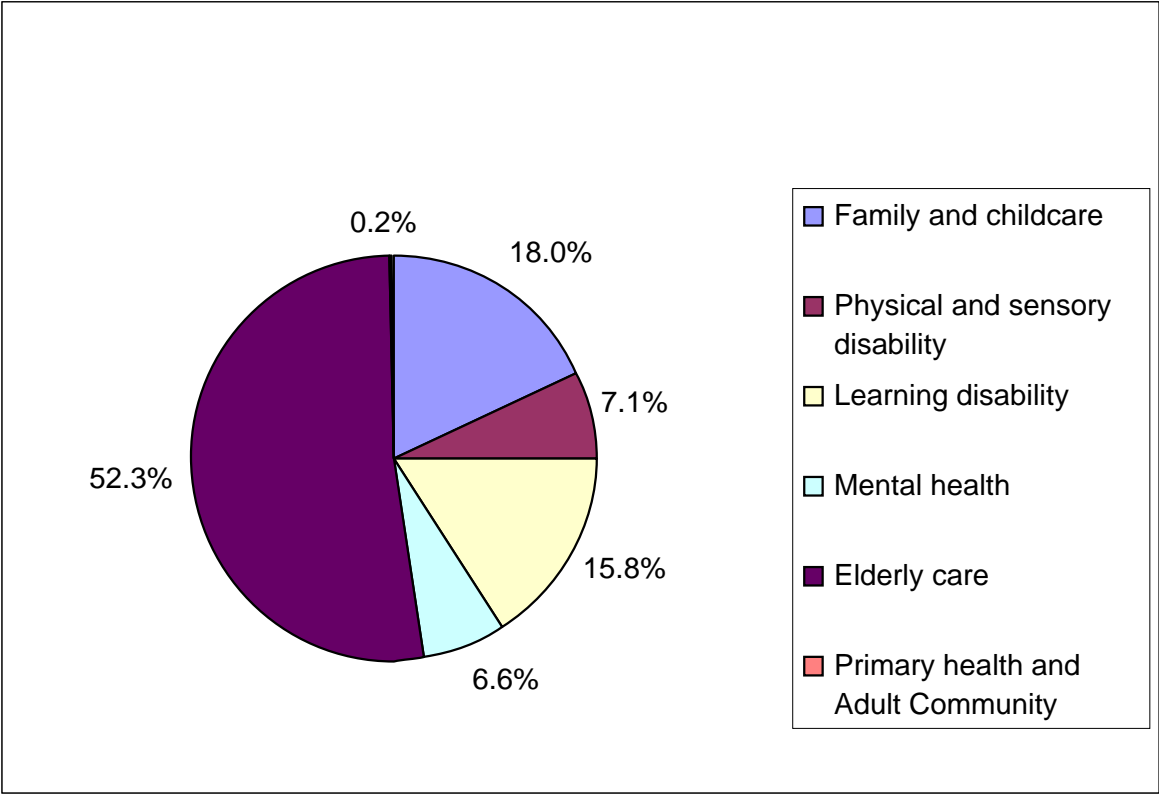
3.4 Personal and Social Services Spending on Children in Northern Ireland

In 2003/04, the total expenditure for personal social services in Northern Ireland amounted to £656.7 million. This expenditure was broken down into a number of different programmes,

with approximately 18 per cent being allocated to the family and childcare programme¹⁹ (amounting to £118.3 million in total and £270 per child aged 0–17).

Figure 3.E below sets out family and childcare expenditure relative to a number of other PSS expenditure programmes. It can be seen from the chart below, that expenditure on family and childcare comes second only to elderly care (with the latter making up over half of total expenditure).

Figure 3.E NI PSS Expenditure by Programme of Care 2003/04, Data in Current Prices



Source: data from Appleby (2005)

3.5 PSS Expenditure by Health Trust and Health Board

In 2004/05 per capita spend on children for personal social services rose to £287. Table 3.4 below shows that the per capita spend (on children) was highest in North and West Belfast, where the per capita spend reached as much as £433 per child. Health and social service trusts in Belfast and Foyle spent most per capita and this is consistent with high Child

¹⁹ N.B The Family and Childcare Programme includes: Social work, Residential Homes, Fostering/Adoption, Family & childcare centres / daycare for children (2), Grant to voluntary orgs / transport to orgs (1), Payments under legislation, Other services (1), Domiciliary care, Sure Start (2)

Poverty Scores which were coupled with the majority of wards in Belfast and Derry as part of NISRA's 2001 Deprivation Indicators research.

Table 3.4 Northern Ireland PSS Spending on children 2004/05

HSS Trust Name	0–18 Population	% of Children (0–18) in Local Population	Total Spend on Children	Proportion of Total Spend Spent on Children %	Per Capita Spend on Children
Down & Lisburn	49,682	28.5	12,407,567	0.13	250
North & West Belfast	39,764	28.7	17,224,791	0.15	433
South & East Belfast	44,651	22.8	17,115,794	0.14	383
Ulster Community Hosp	36,179	23.9	14,295,277	0.17	395
Causeway	26,732	26.4	6,461,116	0.12	242
Homefirst	89,585	26.9	19,355,912	0.12	216
Armagh & Dungannon	30,430	29.2	7,655,848	0.13	252
Craigavon & Banbridge	34,986	27.6	7,882,439	0.13	225
Newry & Mourne	27,700	30.7	6,989,816	0.14	252
Foyle	50,292	30.5	15,657,421	0.19	311
Sperrin Lakeland	34,570	28.2	8,236,097	0.11	238
BOARD					
Eastern Board	170,276	25.8	61,043,429	14.9%	358.50
Northern Board	116,317	26.8	25,817,027.97	12.2%	221.95
Southern Board	93,116	29.0	22,528,103.35	13.3%	241.94
Western Board	84,862	29.5	23,893,518.00	15.2%	281.56
Northern Ireland Total	464,571	27.3	133,282,078.70	14.1%	286.89

Source: DHSSPNI

The table above also indicates that the two HSS trusts with the highest proportion of children in the local population (Newry and Mourne and Foyle) have a large disparity in the proportion of Total PSS spending allocated to children (14 per cent v 19 per cent respectively). This again can be attributed to the number of wards covered by a trust which displays high Child Poverty Scores. For example, in Newry and Mourne 40 per cent of wards have a Child Poverty Measures (CPM) of over 50 per cent, while in Derry (covered by the Foyle Trust) 66 per cent of wards have CPMs of over 50 per cent. This evidence would suggest that health expenditure is higher in wards where deprivation is highest, suggesting that funding is distributed between areas according to variations in need.

Table 3.5 below shows the percentage change in per capita spend on family and childcare over the last three years using 2004–05 prices²⁰. On average the per capita expenditure has increased by 20 per cent across Northern Ireland, with the Southern Board revealing the greatest increase (31 per cent).

Table 3.5 Percentage Change in Per Capita Spend by Board on Family and Childcare (in 2004/05 prices)					
Board	Eastern Board	Northern Board	Southern Board	Western Board	Northern Ireland
2002/03	307	189	185	231	239
2003/04	334	204	213	253	262
2004/05	358	222	242	282	287
% Change	+17	+18	+31	+22	+20

Source: Data Supplied by DHSSPNI and converted into 2004/05 prices by ERINI

3.6 Children’s Services Expenditure (Northern Ireland relative to England)

Personal and social services and community expenditure on children in Northern Ireland amounted to £133 million in 2004–05, which is approximately £287 per child aged 0–17. This is 29 per cent less than children’s PSS expenditure in England, 33 per cent less than children’s PSS expenditure for children in Wales and 44 per cent less than that spent in

²⁰ N.B ERINI recognizes that health price inflation is typically much higher than GDP inflation, nonetheless, we have adjusted prices using a GDP deflator because ultimately relative differences will not be affected.

Scotland on children and families within their social work expenditure line²¹. In 2004/05 England, Wales and Scotland spent £402²² and £429.1²³ and £513²⁴ per child respectively.

	Northern Ireland	England	Wales	Scotland
Total Expenditure on children	133,282,079	4,450,000,000	279,714,000	543,793,000*
per capita of 0–17 yr olds	£ 287	£ 402	£ 429.1	£513
Expend on Children and Families as % of Total PSS Expend	14.1	24	26.1	20.7 (% of Social Work Budget)

* See Annex F for what Scottish Children’s expenditure includes.

Source: NI Data from DHSSPSNI, England data from ONS, Social Care Statistics (2006), Welsh data from the National Assembly for Wales through the RO3 Revenue Outturn returns 2004–05. www.lgdu-wales.gov.uk

The above figures are consistent with findings in the government’s *Overview of Health and Social Care Needs and Effectiveness Evaluation (2002)*²⁵. The evaluation notes that expenditure in England is 35 per cent higher on children’s social services, despite Northern Ireland having significantly higher need and proportionately more children. This has severely restricted the service response to particular needs such as those for family support services, secure accommodation and child and adolescent psychiatric services.

Appleby (2005) attributes the relatively low level of spend for Northern Ireland to lower unit cost of provision. In his review of health care in Northern Ireland, Appleby (2005) reports that

²¹ N.B Scotland does not have a PSS expenditure line, rather social expenditure for children falls within the Scottish “Social Work” expenditure category which includes:

- Service Strategy
- Children's Panel
- Children and families
- Older persons
- Adults with physical or sensory disabilities
- Adults with learning disabilities
- Adults with mental health needs
- Adults with addictions/substance misuse
- HIV/AIDS
- Service to asylum seekers and refugees
- Criminal justice social work services

²² NB: England PSS data is derived from a return (PSS EX1) which Councils with Social Services Responsibilities in England made to the Department of Health annually up until 2004-05.

²³ Source: Local Government Data Unit – Wales, www.lgdu-wales.gov.uk

²⁴ Source: Social Work on Children and Families in Scotland taken from the Local Financial Return (LFR3) produced by Local Government Statistics and found at: <http://www.scotland.gov.uk/Topics/Statistics/Browse/Local-Government-Finance/PubScottishLGFStats> in Table 4a.

²⁵ Published by DHSSPS, DFP and OFMDFM and available at http://www.dhsspsni.gov.uk/he-executive_summary.pdf

the key issue with respect to children's services is the level of funding relative to England. The review acknowledges concerns that funding is to be terminated for the projects under the Children's Fund (established by the Northern Ireland Executive) and in addition, the perception that national policy decisions take longer to reach and implement than in England – with the result that Northern Ireland service provision is often years behind that in England.

However, despite the different levels of funding, Appleby concludes that the service provision is broadly similar in Northern Ireland and England in terms of the proportion of children looked after by local authorities or on the child protection register – although it could be argued that that provision should be higher given deprivation levels in Northern Ireland.

The review notes that in 2005 there were 2,500 looked-after children in Northern Ireland (in the sense that a trust has parental responsibility for them). This is equivalent to 5.7 children per 1,000 population aged under 18 compared to 5.5 for England and 5.4 in Wales. There were around 1,400 children on the child protection register – mainly as the result of neglect or physical abuse. A greater proportion of the population aged under 18 are on the child protection register in Northern Ireland (0.32 per cent) compared to England (0.23 per cent). However Appleby notes that the quality of provision appears slightly better in Northern Ireland, with looked-after children and young people experiencing more placement stability than in England or Wales, whilst in 2001/02 the proportion of young people aged 16 or over leaving care was slightly higher in Northern Ireland (44 per cent) than in England (41 per cent).

3.7 Equity of Provision between Different Parts of Northern Ireland

Appleby (2005) notes that as with adult services, there are significant variations across trusts in Northern Ireland in both level and type of provision for children. For example, he notes that there was a 124 per cent higher rate of looked-after children and 446 per cent more children on the child protection register in the North & West Belfast Trust than the Craigavon & Banbridge Trust, whilst there were 137 per cent more day care places in the South & East Belfast Trust than in Foyle. He also asserts that these variations are largely explained by variations in need.

3.8 Conclusions for Health and Social Service Provision for Northern Ireland Children

Average per capita expenditure for health in Northern Ireland is higher than elsewhere in the UK. When health services which directly affect children, such as family health services and personal and social services are examined, it was found that family health services expenditure in Northern Ireland was higher than in other regions – but this expenditure was inflated by the excessive cost of prescriptions per capita. With regard to social services expenditure on children and families, Northern Ireland spent less per child in 2004–05 –approximately 28.6 per cent less when compared to England, 33 per cent less than that spent in Wales and 44 per cent less than that spent in Scotland within the Scottish Social Work expenditure line. In addition, the proportion of Northern Ireland's personal and social services budget spent on

children amounts to only 14.1 per cent compared to 24 per cent spent in England and 26.1 per cent spent in Wales.

In terms of social services funding being inadequate in Northern Ireland, the Appleby Review (2005) found mixed evidence. No evidence was found from the available data to say that there is a significantly lower level of social services provision in Northern Ireland relative to England. However, these conclusions came with the caveat:

“that is not to say that there are specific areas where there are insufficient resources or that a case could be made for a higher level of provision given relative levels of deprivation”. (Appleby 2005)

In terms of available funding being skewed towards those children and young people who are most in need, ERINI found that the average spend per child was greatest in HSS trusts which contain a higher proportion of wards with elevated child poverty scores.

Section 4.

EDUCATION

As noted earlier in this report, the demographic profile for school-age children in Northern Ireland reveals declining numbers, and this trend is set to continue over the next number of years. Presently, it is estimated that there are already 50,000 empty desks across Northern Ireland (NICS 2006 *Press Release 1/03/06*). While the segregated education system does not help in terms of achieving economies of scale for education spending; declining numbers of pupils also present the government with a relatively new challenge in terms of attaining optimal efficiency in school's capital expenditure and rationalisation of resources. However, efficiency measures must be weighed against the desire for rural communities (a significant feature of the local economy) to provide community-based education. Last year the government commissioned Sir George Bain to undertake a strategic review of education in Northern Ireland, the results of which were published in December 2006²⁶. The government has accepted in full the report's recommendations, the aim of which is to ensure that all children have access to a high quality education in fit for purpose facilities. This chapter looks at expenditure on education for children and young people in Northern Ireland relative to the rest of the UK and takes into consideration relative need and comparative educational outcomes.

In 2004–05, public expenditure on education and training in Northern Ireland amounted to approximately £1,435 per head of population, this represents an increase in expenditure (in real terms) of 20 per cent from 2000–01. Per capita expenditure on education has been consistently higher in Northern Ireland relative to England, Scotland and Wales. However when growth rates for all regions for the last five years are examined it appears that England has experienced the greatest growth in expenditure and Scotland has experienced least growth. Despite greater per capita growth rates for England over the last five years, in 2004–05 NI still had a 32 per cent higher level of per capita education spend, see Table 4.1 below.

²⁶ See: NICS (2006) Press Release: £380 million investment announced in School Buildings, 1 March 2006 and DENI (2006a) Schools for the Future: Funding, Strategy, Sharing - Report of the Independent Strategic Review of Education, December

Table 4.1 UK Identifiable Education and Training Expenditure £ Per Head (in 2004/05 Prices)				
	NI	England	Scotland	Wales
2000-01	1,198	833	1006	908
2001-02	1,236	906	1087	975
2002-03	1,284	953	1,088	1,032
2003-04	1,350	1,035	1,125	1,069
2004-05	1,435	1,086	1,179	1,107
Percentage Growth	+ 19.8%	+ 30.3	+ 17.2	+ 21.9
UK Identifiable Education Expenditure £ per head indexed				
2000-01	139	97	117	105
2001-02	132	97	116	104
2002-03	131	97	111	106
2003-04	128	98	107	102
2004-05	130	98	107	100

Source: PESA 2005, Conversion to 2004-05 prices by ERINI

While the above data refer to educational expenditure per head of the total population, it is important to assess expenditure per pupil. As Table 4.2 below shows, Northern Ireland has a much higher proportion of school-age children relative to the total population. Indeed, there are 30.7 per cent more school pupils per capita in grant-aided schools in Northern Ireland than in England (National Statistics, 2005, Table 2.4), this reflects the different age structure of the population and is clearly relevant to levels of expenditure.

Table 4.2 Regional School Populations 000s, and Percentage of Pupils as % of Total Population 2004/05

	Nursery	Primary	Secondary	Special and Pupil Referral Units	Independent & Non-maintained	Total*	National Population	School Children as % of Population
UK	102.0	5,089.3	4,002.2	116.3	658.3	9,968.6	59,834.30	16.6
England	37.4	4,204.5	3,316.1	104.9	611.7	8,274.5	50,093.10	16.5
Wales	1.9	270.3	214.6	4.2	9.8	500.9	2,952.4	16.9
Scotland	50.6	444.0	318.1	8.5	29.1	850.2	5,078.3	16.7
Northern Ireland	12.1	172.0	153.4	0.8	4.7	343.0	1,710.3	20.0

Source: National Statistics (2005) Statistics of Education: Education and Training Statistics for the United Kingdom, Chapter 2 Table 2.4

* Totals may not sum due to rounding

Scotland figures have been updated to 2004/05, and corrected, using data provided by the Scottish Executive Education Department, to include nursery class pupils in the primary figure rather than the nursery figure.

Table 4.3 below provides a breakdown of spending in education and training (current) for Northern Ireland in 2004–05. The majority of spending is on schools (primary and secondary) which together take up 48 per cent of total current expenditure. Spending on student support will most likely be directed at further and higher education pupils while training expenditure will be of benefit to pupils at all levels (although the split between primary and secondary level training is not clear from this data).

Table 4.3 A Breakdown of Spending in Education and Training (current) for Northern Ireland in 2004–05

	Total Expenditure (£m)	% of Total
Education and Training NI		
Further Education	180	8.3
Higher Education	169	7.8
Primary Schools	456	20.9
Secondary Schools	586	26.9
Other Education & Training	593	27.2
Student Support	103	4.7
Training	91	4.2

Source: HM Treasury: Identifiable expenditure for regions 2004–05

4.1 Public Spending per Pupil in Northern Ireland

Table 4.4 below sets the delegated expenditure per full-time equivalent pupil in Northern Ireland at the primary and the post-primary levels. Northern Ireland figures are calculated using the delegated local management of schools (LMS) allocations and earmarked allocations. Typically not all allocations directed at schools are actually spent and therefore there is notable difference between 'allocation' and 'expenditure' data. In 2004–05 Northern Ireland expenditure amounted to £2,271 per primary school pupil and £3,424 per post-primary pupil.

Unfortunately, directly comparable data for per pupil expenditure is not available for all the UK regions. Indeed, making meaningful comparisons of per pupil funding across the United Kingdom countries is extremely difficult simply because other countries calculate their education expenditure using different categories. The *Report of the Independent Review of Education in Northern Ireland: Schools for the Future* (DENI 2006) makes a comparison of per pupil spend across Wales and Northern Ireland only. In this report, Sir George Bain highlights the associated complexities surrounding regional comparisons of education expenditure:

Table 4.4 Northern Ireland Delegated Expenditure Per FTE Pupil, 2004–05 ALL SCHOOLS (including Voluntary Grammar and Grant Maintained Integrated Schools)		
	Primary Schools Delegated Expenditure £000	380,294
Primary	Full-time Equivalent Pupils	167,433
	£ per capita	£ 2,271
Post-Primary	Schools Delegated Expenditure £ 000	534,195
	Full-time Equivalent Pupils	156,025
	£ per capita	£3,424

Notes: Expenditure figures are delegated net expenditure in 2004/05 relating to education and library board-funded schools (i.e. controlled & maintained schools, included controlled grammar schools), and DE-funded schools (i.e. voluntary grammar schools and grant maintained integrated schools). Pupil data are from the Compendium of Northern Ireland Statistics, and funding data from outturn statements.

All primary – controlled and maintained schools and grant maintained integrated primary schools. Nursery class pupils in primary schools are included in pupil Full Time Equivalent figures.

All secondary – controlled and maintained secondary schools and grant maintained integrated secondary schools.

All grammar – controlled grammar and voluntary grammar schools, including primary age pupils in preparatory departments.

Source: DETI (2006)

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 differences in spend must be considered in the context of different levels of relative need (DENI 2006).

Given the important differences outlined above, ERINI's analysis of comparative per pupil expenditure on education will use the data published in DENI (2006) which compares

education expenditure in Northern Ireland against Wales only. Despite efforts to make data as comparable as possible, there remain differences for which adjustments could not be made and, consequently, the information must be interpreted with caution.

Table 4.5 sets out estimates of the expenditure per pupil in both primary and secondary schools in Northern Ireland and Wales for 2004–05. In both regions expenditure per pupil is higher in secondary schools than in primary schools. However, the table shows that Northern Ireland’s relatively large proportion of school-age population at the primary level; receive 17.2 per cent less per head than counterparts Wales. However, at the post-primary school level, Northern Ireland spends 0.5 per cent more per post-primary pupil.

Table 4.5 Per Capita Current Expenditure on Education at Primary and Secondary Schools, 2004–05		
	Northern Ireland	Wales
Primary	2,398	2,898
Post Primary	3,615	3,595

Note: *Figures to be treated with caution as figures are based on interpretation of published material.

**Figures for NI primary include Nursery class pupils, reception class pupils and pupils in preparatory departments of grammar schools. Comparisons of per capita funding across the regions are difficult and are impacted by a number of variables - including the relative levels of delegation, 6th form funding, incidence of smaller schools and levels of social deprivation, and funding and accounting regimes for the capture of education expenditure.

Source: Schools for the Future: Funding, Strategy, Sharing (DENI 2006a)

4.2 NI Education Expenditure According to Need

From the Department of Education’s funding allocation each of the five education and library boards in Northern Ireland receives a resource budget for school-related services. A proportion of this budget is dedicated to schools and the non-earmarked element of the remainder is used for related support services such as the Curriculum Advisory and Support Service (CASS), school meals, school transport, and board administration. (The earmarked element of the remainder relates mainly to certain educational initiatives). Voluntary grammar (VG) and grant-maintained integrated (GMI) schools, are not administered by the boards, and are funded directly by the Department of Education. The needs of these schools, and related funding allocations, reflect their additional responsibilities for areas such as landlord maintenance and administration, otherwise undertaken by boards on behalf of their schools, along with unique costs incurred by these schools such as VAT liability. As well as providing grant-aid directly to these schools, DENI also retains funding for excepted items, including rates in the case of GMI schools, milk and meals, statemented pupils etc.

Like most public expenditure, spending on schools requires resources to be skewed towards those in most need. In April 2005 DENI published its *Common Funding Scheme for the Local Management of Schools*²⁷ which sets out both the principles and the method for funding local schools. The scheme notes that schools should be:

27 Source: http://www.deni.gov.uk/common_funding_scheme_full_document_-_pdf.pdf

funded according to their relative need, and in a way that helps mitigate the effects of social disadvantage”.

In taking their obligations to Targeting Social Need (TSN) objectives forward, the department recognises that there are additional costs faced by schools in educating children (a) from socially deprived backgrounds and (b) with additional educational needs. To determine the level of social disadvantage and establish which schools require extra support, the department uses the number of pupils per school who are entitled to free school meals (or in the case of nursery schools the number of parents on JSA or income support). Funding allocations for individual schools will depend on the percentage of free school meal pupils enrolled in the school. High levels of deprivation in Northern Ireland are equated with a large proportion of school children living in benefit dependent and low-income households. As a consequence, approximately 19.9 per cent of local school children are eligible for free school meals (see Table 4.6 below). This is higher than the equivalent rates in England and Scotland.

Table 4.6 Percentage of Pupils Known to be Eligible for Free School Meals, 2004/05

	NI*	England**	Scotland***	Wales
ALL %	19.9	16.9	18.5	n/a

* Source: Department for Education for NI.

** Source: National Statistics First Release, 19/2006.

*** Source: Scottish Executive, Statistics Publication Notice, School Meals in Scotland 2006.

The educational need element of funding considers the number of pupils performing below the expected level for their age, regardless of social background. For more detail on the new school funding formula see Annex D.

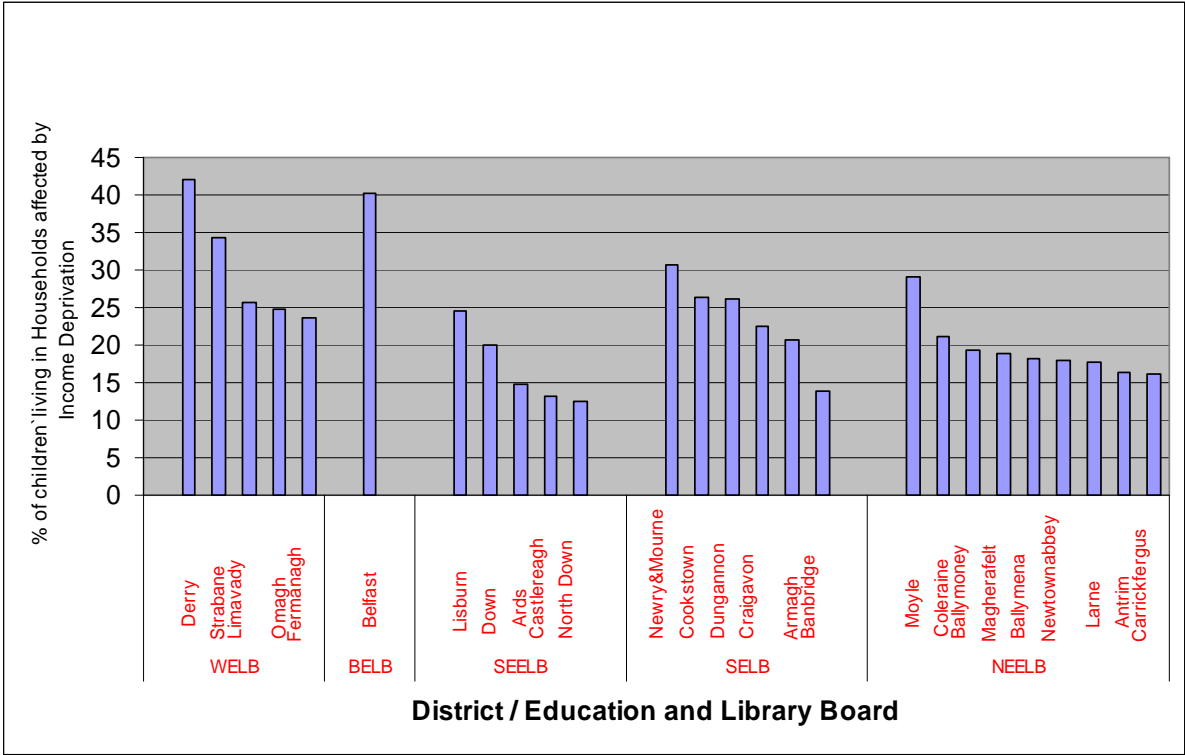
The formula targets funding for pupils in schools with greatest needs, in terms of deprivation and those performing below the expected level for their age²⁸. Figure 4.A below divides Northern Ireland’s districts into education and library board areas and shows that the Western Education and Library Board (WELB) and the Belfast Education Library Board (BELB) oversee districts which contain the highest child deprivation levels (in terms of children living in households affected by income deprivation).

Table 4.7 below sets out three main indicators of need for each of the education and library boards in Northern Ireland. In terms of need it is evident that the BELB has the greatest need in terms of children with special education needs and those from low-income backgrounds (using free school entitlement). In addition, the BELB has the lowest educational outcome in terms of the percentage of overall secondary school pupils achieving Key Stage 3, at Level 5 or above

²⁸ “...an educational need element which recognises the extra support required by pupils performing below the expected level for their age, regardless of social background”. Common Funding Scheme 2006/07

in mathematics and also in English. Funding to meet the specific needs of statemented pupils is provided outside of the formula funded allocations to schools.

Figure 4.A Income Deprivation Affecting Children by District and Education and Library Board



Source: Income Deprivation Affecting Children (IDAC) data from NISRA Neighbourhood Statistics Unit 2006.

	% SEN Children (Stage 1–5) 2005–06	% Free School Meals 2005/06	% of Secondary School pupils achieving Key Stage 3 - level 5 2004–05	
			English	Maths
BELB	19	27	48.5	43.2
NEELB	13	14	61.4	56.2
SEELB	17	14	58.3	56.3
SELB	14	19	67.5	65.3
WELB	18	25	57.6	55.1

Source: DENI (2006)

Table 4.8 below shows that a greater allocation per pupil has indeed been awarded to schools in the BELB. Indeed in terms of overall TSN allocations the BELB receives approximately 27 per cent more per pupil for social deprivation when compared to the NEELB schools. This higher allocation reflects the greater overall levels of need and, indeed, the proportion of schools with high levels of pupils identified as requiring support within these schools.

Table 4.8 Education Board Comparison of TSN Funding Allocations in 2006/07					
		Social Deprivation	Educational Need	Overall TSN Allocations	
2006/07	Free School Meal Entitled Pupils (in Board Schools)	Per Pupil Funding for Those With Assessed Needs	Per Pupil Funding for Pupils in Board Schools	Total TSN Funding	Per Pupil Funding (Total TSN) for Pupils in the Board Schools
BELB	13,226	£448.34	£109.67	£10,780,856	£267.19
NEELB	8,709	£351.71	£74.64	£7,582,713	£127.67
SEELB	7,960	£386.05	£75.87	£7,173,607	£137.40
SELB	11,957	£365.62	£79.16	£9,436,843	£152.28
WELB	12,629	£403.81	£94.22	£9,815,087	£205.25

Note: "Board" schools are controlled (including controlled integrated) and maintained schools, funded by the relevant education and library board. "Board" schools exclude grant-maintained integrated and voluntary grammar schools, which are funded directly by the Department of Education.

Source: DENI 2006/07 Common Funding Formula – data on free school meal entitlements from October 2005 Schools Census

The 2005–06 allocations to each board are shown in Table 4.9 below. (For details of the historical allocations for each education and library board excluding voluntary grammar and grant-maintained, see Annex E). Allocations to schools will reflect variations in the numbers of pupils at each phase of education, proportion of smaller schools in different board areas, the extent of sixth-form provision (both in grammar and non-grammar schools, where higher rates of per pupil funding reflects the more intensive resource needs at this level), and the relative levels of deprivation and educational needs for pupils within the schools funded by each authority. Funding at board level will also reflect differences such as transport responsibilities, particularly for those boards with lower population densities, and other programmes which may be led by one authority on behalf of all five board areas.

Table 4.9 illustrates that average funding per pupil for schools funded by the BELB is highest, and that the relative funding across all boards reflects a close correlation between the key indicators of need and per pupil funding. Whilst TSN needs are only one of a variety of influences on overall funding levels, it is clear that in relative terms, funding is skewed to those boards with schools in areas with higher levels of social deprivation, resulting in a higher overall level of funding per pupil for these boards.

Table 4.9 Education & Library Board Schools, 2005/06 Nursery, Primary and Post-Primary Schools in Each Board				
Board	Full-time Equivalent Pupil Number	Free School Meal Pupils	Formula Funding (£000's) Allocation in 2005/06	Allocation £ per Pupil (FTE)
BELB	41,586	13,970	118,051	2,839
WELB	48,460	13,584	136,331	2,813
SELB	62,294	12,371	171,599	2,755
NEELB	60,005	9,148	162,669	2,711
SEELB	53,001	8,335	139,933	2,640
ALL ELB Schools	265,345	57,408	728,583	2,746

Source: DENI

Although relatively more educational resources are being skewed towards those children in most need, there still remains a problem with respect to attainment levels, particularly for secondary school pupils in the Belfast area. The BELB's poor educational attainment levels for secondary schools at Key Stage 3 (See Table 4.7 above) suggest that the current system is failing a large number of pupils. This failure to prevent approximately 7,000 pupils from leaving secondary school each year with a mathematical understanding below the expected level²⁹ suggests that there currently exists a significant challenge for the department in terms of secondary school achievement in deprived areas. While ERINI accepts that the nature of the relationship between spending and education outcomes is complex, it cannot be disputed that attainment is a key outcome of the education system. As attainment levels for non-grammar schools in the BELB are inferior to other boards, the Department of Education should be examining expenditure levels, strategy, targets, and policy to see where improvements and changes should be made. In light of the Public Accounts Committee Report (2006) ERINI understands that the department aims to put its proposals for tackling underachievement out to consultation in spring 2007.

4.3 Early Years Policy

In the UK the Sure Start initiative is the main childcare policy aimed at dealing with child poverty. Conceptualised in the late 1990s, this cross-cutting initiative brought together existing services (and developed new services) for pre-school children and targeted support for deprived neighbourhoods. The government's Green Paper "Every Child Matters" (HMSO

²⁹ See: PACE 2006 Select Committee on Public Accounts [Minutes of Evidence](#), Examination of Witnesses (Questions 1-19) Department of Education for Northern Ireland and the Education and Training Inspectorate 21 June 2006

2003) pushed for further progress by proposing a range of measures to reform and improve children's care. The paper proposed that Sure Start should be built upon to raise school standards and eradicate child poverty through Sure Start children's centres in the most deprived neighbourhoods. These centres are based upon the concept of improving outcomes for both children and parents which requires provision of integrated education, care, family support and health services. Strategic responsibility of children's centres has been given to the local authorities in England. The government has announced plans to expand the current 848 Sure Start children's centres to 2,500 by 2008 and 3,500 by 2010, the equivalent of one centre for every community.

Government supply-side support in England currently includes:

- 12.5 hours a week of free early years education for all 3–4 year-olds;
- 45,000 Neighbourhood Nursery places providing good quality group based childcare to children and families in disadvantaged areas;
- 180 Sure Start children's centres, rising to 2,500 in 2009, providing integrated childcare, early education and family support services to under fives; and
- Free before and after school provision in some areas.

The above services amounted to £3.8 billion in 2004–05 and this will rise to £4.4 billion by 2007–08.

In 2006 there were 25 Sure Start programmes across Northern Ireland, with approximately one third of these based in rural settings. The current investment is £9.3 million for 2006/07 and covers 22,000 children under the age of 4. Funding is projected to increase to £12 million in 2007–08 and it is anticipated that the number of Sure Starts in Northern Ireland will rise to 32³⁰. As noted earlier, there is no presumption that comparability of programme expenditure will mirror counterparts in the UK and Sure Start is a clear example of where allocations to particular programmes vary along with regional priorities. Regional funding deviations for this particular programme appear to have stifled the development of Sure Start in Northern Ireland, particularly in relation to children's centres and this might well hinder progress with regard to tackling child poverty.

While pre-school children are targeted for this funding in NI, and Scotland, Wales on the other hand integrates this funding with a new childcare strategy so the number of programmes and children with access is difficult to establish. As noted earlier, in England Sure Start funding has recently been amalgamated with childcare and nursery education, thus direct comparisons of expenditure per child are again difficult to establish.

³⁰ See: DENI (2007) Press Release

Table 4.10 Sure Start Local Programmes

Sure Start Initiative	England	Northern Ireland	Scotland	Wales
No of programmes	524	25	200+	?
No of Children access	400,000	22,000	8864 (in 2001/01)	?
Funding 2001–02	£183m	£6m	£19m	£11m
Funding 2006–07	***	£9.3 m	£56.4m*	£54m**

*Funding estimate taken from data showing 2005/05 funding = £52.9m and 2007–08 funding will be £59.9 m

**Sure Start funding for Wales has been amalgamated with the Children and Youth Partnership Fund and the Childcare Strategy

***From 2003–04 funding in England for childcare and nursery education was merged into Sure Start funding

The data above concur with observations made by McLaughlin and Monteith (2005) suggesting that the operation and funding of Sure Start has also been territorially diverse. Indeed, a national evaluation of Sure Start was published in February 2006³¹ and it was noted that when Sure Start local programmes are fully operational, there are large differences in expenditure per child. However the report argues that these disparities do not appear to be based on differences in the level of existing services. The report notes:

Rather, they seem to reflect different choices about which services to offer and on what level. (HMSO, 2006).

Traditionally in Northern Ireland early years services have been delivered separately by a range of professionals working in distinct education, care and health services. In 2004, it was acknowledged by the DENI that for Northern Ireland these services were lagging behind other regions:

“Since the commencement of the Programme there have also been many developments in the rest of the United Kingdom that have not been implemented in Northern Ireland, particularly moves towards greater integration of formal education and childcare services”. (DENI 2004).³²

³¹ HMSO (2006)

³² DENI (2004) Review of Pre-school education in NI, http://www.deni.gov.uk/about/consultation/pre_school_review/ConsultationPaper.pdf

However, since 1 November 2006, the Department of Education has taken responsibility for early years policy (up until then the policy responsibility for early years was with the Department of Health Social Services and Public Safety, with the Department of Education responsible for the Pre-school Expansion Programme). The transfer of early years policy to the Department of Education signals government’s intention to provide an integrated approach to policy and service delivery for children.

A more joined-up delivery of early years services should provide both better outcomes for children and parents and better value for the public purse. Within the department, work has begun on formulating a new Early Childhood Education and Care Strategy (which includes birth up to and including the foundation years of primary i.e. the 0–6 age group). It is anticipated that this new strategy will bring Sure Start, pre-school and the home childcare agendas together in a cohesive way to support the integration of service delivery.

4.4 Participation Levels

Despite government’s efforts to skew resources where they are most needed, it is undeniable that there is a strong correlation between social background and educational achievement and participation. Glennester (2001) indicates that in 1998/99, children with professional parents were 5.5 times more likely to participate in higher education than those with unskilled parents, (but this was an improvement from the rate in 1990 when children with privileged backgrounds were 9.2 times more likely to participate)³³. As a consequence of pupils from low-income backgrounds being less likely to stay on in full-time education after 16, deprived areas will undoubtedly receive a less than proportionate share of the educational resources for the 16+ age group. Indeed, it may be argued that rather than deprived areas losing out on these much needed educational resources, funding could be re-directed to early intervention and preventative approaches to encourage children from low-income backgrounds to stay on in education post 16.

Table 4.11 below shows that in 2004–05 participation rates were higher in Northern Ireland relative to England and Wales.

Table 4.11 Participation Rates Among 16 and 17 Year-Olds in Full-time Education 2004–05

Age	Rol (Male) 2003–04	Rol (Female) 2003–04	Northern Ireland 2004–05	England 2004–05	Wales 2004–05
16	92.6*	98.9	82	80	79
17	78.5*	92.1	74.9	69	65

³³ See: Glennester, H (2001) United Kingdom education 1997-2001, CASE paper No 50, London School of Economics, Centre for Analysis of Social Exclusion.

Source: RoI Statistical Yearbook 2005, Regional Trends 2005 and NI Compendium of Education Statistics 1992/93-2004/05.

* It should be noted that the ROI compile their data for participation rates at a different time throughout the academic year and this affects comparability with the UK.

Compared to the RoI, NI appears to have a low educational participation rate for 16 and 17-year-olds in full-time education. However, the RoI participation rates are measured in the middle of the school year, and relate to younger age groups than the Northern Ireland figures. Nonetheless, it is widely acknowledged that the Republic of Ireland's provision of non-university level (Type B tertiary education) via regional technical colleges has played an important role in increasing participation levels for this age cohort.

4.5 Class Sizes

Research has shown that there is a positive effect on achievement if pupils are placed in smaller classes at an early stage in their education. In particular, Project STAR in the US showed that those in classes with fewer than 17 pupils for a period of three years were almost six months ahead of their peers in reading achievements (see Finn et al 2001³⁴).

Relative to the GB average, the proportion of very large classes (that is 31 or more pupils) is much lower in NI for both Key Stage 1 and Key Stage 2. (see Table 4.12 below.)

Table 4.12 Class Sizes in Schools: by Region, 2003/04		
	% of Classes with 31 or More Pupils	
	Key Stage 1	Key Stage 2
Great Britain	1.9	20.8
England	1.9	21.9
Wales	2.6	17.5
Scotland	1.1	13.7
Northern Ireland	1.2	6.8

Source: Social Trends 35, 2005 edition: Ch 3 Education and Training

4.6 Pupil-Teacher Ratios

Pupil-teacher ratios differ from class size figures, as pupil-teacher ratios will include, for example non-teaching principals. *Regional Trends 2006* reports that within the United Kingdom, Scotland had the lowest pupil-teacher ratios, at 17.6 pupils per teacher in primary schools and 12.7 in secondary schools. Northern Ireland, with 20 pupils per teacher in primary schools and 14.3 in secondary schools, had lower ratios than England and Wales but ratios were higher than in Scotland (See Table 4.13 below). It should be noted however that

³⁴ Finn JD, S.B Gerber, C.M Achilles, J.Boyd-Zaharias, (2001)

class sizes at secondary and grammar schools will vary according to subject. Unfortunately, comparative data was not found for pupil-teacher ratios at the subject level, but it should be noted that as with large class sizes, large pupil to teacher ratios will have consequences for educational outcomes.

Table 4.13 Pupils Per Teacher in NI, England, Scotland and Wales (2004–05)				
	NI	England	Scotland	Wales
Nursery	25.7	16.5	33.3	16.8
Primary	20.0	22.5	17.6	20.7
Grammar preparatory	17.3	-	-	-
Secondary (excluding Grammar)	13.8	-	-	-
Grammar Secondary	15.2	-	-	-
All Secondary (excluding preparatory departments)	14.3	16.7	12.7	16.7
Special	5.8	6.2	3.7	6.3
All Schools	16.5	17.5	15	16

Source: Compendium of Education Statistics NI <http://www.deni.gov.uk/compendium0405.pdf>, Eng, Scot,
Wales: ONS Regional Trends 2006, Table 4.1

When compared at the international level, both Northern Ireland and the United Kingdom as a whole compare unfavourably in terms of pupil-teacher ratios at the primary level. Table 4.14 below shows that the United Kingdom has the highest pupil-teacher ratios in 27 EU countries.

Table 4.14 EU Ratio of Students to Teachers at Primary Level, 2003–04

Country	ISCED 1 (Primary Education Level)
Luxembourg	10.7
Italy	10.7
Hungary	10.7
Denmark	10.8
Lithuania	11.0
Portugal	11.1
Greece	11.3
Poland	11.9
Sweden	12.1
Belgium	12.9
Spain	14.3
Latvia	14.9
Austria	15.1
Slovenia	15.2
Netherlands	15.9
Finland	16.3
Bulgaria	16.8
Cyprus	17.8
Romania	17.8
Czech Republic	17.9
Ireland	18.3
Germany	18.8
Slovakia	18.9
Malta	19.0
France	19.4
Northern Ireland	20.0
United Kingdom	21.1

Source: Eurostat, Department of Education and Science, published in CSO (2006),
NI DATA source: DENI: Compendium of NI Education Statistics 1992–93 to 2004–05

4.7 Special Needs in NI

In 2005–06, the number of children with special educational needs³⁵ at schools in NI amounts to 54,017, which is roughly 16 per cent of all school children (School Census 2005). Table 4.15 sets out the percentage of pupils with SENs at both the primary and the secondary level. The table shows that at the primary level in particular, NI has a higher proportion of SEN pupils when compared to other UK regions, with the exception of the South East and Inner London.

	Primary		Secondary
Yorkshire & the Humber	16.6	South West	14.1
East	17.0	East	14.6
North West	17.0	North West	15.2
East Midlands	17.1	Yorkshire & the Humber	15.5
West Midlands	17.2	East Midlands	15.5
South West	17.4	England	15.9
England	17.8	West Midlands	16.0
North East	18.0	North East	16.0
Outer London	18.5	Northern Ireland	16
Northern Ireland	18.8	South East	16.7
South East	19.1	Outer London	17.3
Inner London	21.2	Inner London	22.7

¹ As a percentage of all pupils.

² Data are at January

Source: Department for Education and Skills

³⁵ The Education (Northern Ireland) Order 1996 in Article 3 states that a child has special educational needs if he has a learning difficulty which calls for special educational provision to be made for him.

A child has a learning difficulty if

- (a) he has significantly greater difficulty in learning than the majority of children of his age,
- (b) he has a disability which either prevents or hinders him from making use of educational facilities of a kind generally provided for children of his age in ordinary schools, or
- (c) he has not attained the lower limit of compulsory school age and is, or would be if special educational provision were not made for him, likely to fall within sub-paragraph (a) or (b) when he is of compulsory school age.

The Code of Practice on the Identification and Assessment of Special Educational Needs sets out five stages for dealing with special educational needs. Stages 1-3 are provided within a mainstream school, although Stage 3 may require some external assistance. If the needs of the child are greater than the assistance provided within Stages 1-3 an Education and Library Board, either of its own volition or at the request of the parent or school may initiate an assessment of the child's special educational needs. At the completion of the assessment the Board may decide to issue a formal Statement of the child's special education needs which will set out in detail the child's needs, how they are to be obtained, what targets are to be achieved and in what setting the child is to be placed, which may be a mainstream school, a special unit within a mainstream school or a special school. Therefore **54,017** pupils would be at any of Stages 1-5, but **11,968** would have a formal Statement.

The number of Northern Ireland children with a Statement of Special Education Needs in 2005–06 is 11,968 (just under 3 per cent of all children), this is slightly lower than levels recorded in other regions.

Table 4.16 Children with Statement of Special Education Needs, 2005–06

Statement of Needs	NI	England	Scotland	Wales
ALL: Number	11,968*	242,580**	(27,533)***	(16,519)****
%	(2.7%)	(3%)	3.9%	3.3%

*Source: House of Commons Hansard Written Answers: 16 May 2006 : Column 829W

**Source: Department of Education and Skills, www.dfes.gov.uk, Annual Schools Census

***Source: Scottish Executive, Statistical Bulletin Education Series Edn/B1/2006/1

****Source: National Statistics Datganiad Cynfaf, First Release SDR 52/2005

The recently published ten year strategy for children³⁶ in Northern Ireland has indicated that one of the “Drivers for Change” has been the establishment a *Special Educational Needs (SEN) Inter-Departmental Group* to ensure that children with SEN are provided with appropriate health and education support services such as speech and language therapy and interventions for those with Autistic Spectrum Disorder (ASD) (OFMDFM 2006). The level of funding for special education is determined by the ELBs as part of their annual decisions about the allocation of their block grant. In 2005/06, the last year for which full outturn figures are available, around £179 million was expended in Northern Ireland for provision for children with special educational needs. In the years 2005/06 to 2007/08, additional funding totalling £53 million has been allocated to help meet the needs of pupils with SEN, including £19.5 million specifically to support children with SEN statements in mainstream schools

4.8 Educational Attainment/Expenditure Outcomes

When looking at educational outputs, Northern Ireland compares favourably with other UK regions. In 2003/04, 54 per cent of pupils in the United Kingdom achieved five or more grades A*–C in GCSE examinations (or Scottish equivalent examinations) in their last year of compulsory education. However, 4 per cent of pupils did not obtain a graded qualification. Almost 60 per cent of pupils in Northern Ireland achieved five or more A*–C grades; this was the highest proportion of any area. Scotland and the South East were the next highest. (*Regional Trends 2006*).

Table 4.17 below shows the percentage of pupils reaching or exceeding expected standards at Key Stage 1 and Key Stage 3. The data show that relative to England and Wales, a greater proportion of Northern Ireland pupils are meeting expected standards at Key Stage 1, but at Key Stage 3, as noted earlier in the chapter, significantly fewer meet the desired standard. Indeed, the overall level in NI is similar to that in England and Wales.

³⁶ OFMDFM (2006)

Table 4.17 Pupils Reaching or Exceeding Expected Standards by Key Stage Teacher Assessment, 2004

	Key Stage 1			Key Stage 3		
	English	Maths	Science	English	Maths	Science
England	85	89	90	69	74	71
Wales	83	87	89	67	71	72
Northern Ireland	95*	95	-	74	72	72

*N.B NI children at Key Stage 1 are assessed a year later relative to pupils in England and Wales

Source: Regional Trends, Table 4.6, 2006 edition

While Northern Ireland statistics portray a picture of high achievement at GCSE levels relative to other regions, it should be noted that in 2005/06 3.5 per cent of all Northern Ireland pupils in their last year of compulsory education left school with no formal qualifications, which is higher than the UK equivalent of 3 per cent. (Source: DENI 2006 and DfES 2006³⁷)

The recently published report funded by the Joseph Rowntree Foundation (JRF 2006³⁸) notes that in 2004/05 37 per cent of Northern Ireland school leavers failed to achieve at least five GCSEs at grades A–C. This 37 per cent can be broken down into:

- 16-year-olds who obtained no GCSEs (5 per cent),
- those who obtained some but fewer than five GCSEs (9 per cent)
- those who obtained five GCSEs but not all at grade C or above. (23 per cent)

Although the overall proportion has fallen from 47 per cent in 1994–95 to 37 per cent in 2004–05, unfortunately almost the entire decline has been in the group getting five GCSEs but not grades A–C. By contrast, there has been no fall in the numbers getting no GCSEs and no fall since 1997/98 in the numbers getting fewer than five. In particular the JRF report highlights the lack of progress in educational attainment for children from deprived backgrounds, with approximately 30 per cent of pupils entitled to free school meals leaving school with fewer than 5 GCSEs. Statistics for 2003 show that only 10 per cent of children in care achieved 5 GCSEs at grades A*–C, compared to the Northern Ireland average of 59 per cent. In addition, 50 per cent of children in care leave school with no qualifications at all.

As noted earlier, in 2004–05 approximately 20 per cent of children did not participate in post-compulsory education. Low educational achievers have conspicuous problems later in life in terms of more frequent and longer unemployment spells relative to educational achievers. The economic costs of educational failure in terms of welfare dependency, as well as the

³⁷ See: DENI 2006, and DfES Department for Education and Skills (2006)

³⁸ See: JRF (2006) Monitoring Poverty and Social Exclusion in Northern Ireland

associated social costs³⁹ in terms of poorer health and increased crime levels must be weighed against the cost of increased educational intervention to reduce failure amongst school children both in terms of overall achievement and participation levels. Taking into consideration the high proportion of pupils coming from disadvantaged backgrounds, the fact that 30 per cent of pupils entitled to free school meals leave school with fewer than 5 GCSEs and bearing in mind the system's failure to engage approximately one in five children at post-compulsory level; it is apparent that eliminating the effects of socio-economic inequalities on educational outcomes is currently not being achieved despite relatively more TSN funding being directed at schools containing economically disadvantaged children. Ultimately improving outcomes will depend not just upon government providing the right amount of funding to disadvantaged children. Other factors such as school leadership, effective planning and parental contribution all play an important role.

A Service Review report by the Central Management Support Unit for Education and Library Boards (2005) suggests that it is necessary to look beyond comparisons with England to evaluate how the education system in NI serves young people. The report highlights research carried out by the Programme for International Student Assessment (PISA 2000) which assessed the ability of 15-year-old students in 28 countries worldwide. The research found that, in the ability to apply knowledge in reading, mathematics and scientific literacy to real life problems:

- NI's performance was on a par with that in England.
- The performance of the UK as a whole was behind a number of other developed countries.
- The gap between the highest and the lowest scores in NI was amongst the widest of the participating countries.

It should be noted that a similar study was carried out by PISA in 2003⁴⁰, although unfortunately comparative data for England and Wales was not available in the latter report⁴¹. Nonetheless PISA 2003, while noting that the gap between the highest and lowest scores in Northern Ireland was still relatively large, it was no longer "amongst the widest of participating countries". Indeed, In PISA 2003, only three countries were significantly ahead of NI in reading, six were ahead in maths and only two were ahead of NI in science. These results suggest that NI is well ahead of a lot of other countries in terms of pupil ability to apply knowledge in these subjects. In Northern Ireland, the results on the reading and scientific literacy scales in 2003 were very similar to those for 2000. However, the assessment in mathematical literacy underwent substantial development for the 2003 survey, and therefore the results for 2003 are not directly comparable with those for 2000.

³⁹ See: ESRI (2004) for an in-depth discussion of the social costs of educational failure

⁴⁰ See PISA (2003)

⁴¹ N.B In PISA 2003, the school response rate in England and Wales fell below the minimum requirement set by PISA, and the OECD concluded that 'it was not possible to say with confidence that the United Kingdom's sample results reliably reflect those for the national population, with the level of accuracy required by PISA.' The figures and tables in this report do not, therefore, include data for the United Kingdom.

Both PISA 2000 and PISA 2003 highlight a large and significant gap between the highest and lowest scores. This finding is consistent with evidence submitted by the Department of Education to the Public Accounts Committee for Education (PACE 2006) where it was acknowledged that Northern Ireland pupils display a “long tail of underachievement in literacy and numeracy”. Indeed, as noted earlier, approximately 7,000 pupils leave secondary school each year with a mathematical understanding below the expected level.

When comparing the figures for schools with the most socially deprived pupils in Belfast with similar cities in the rest of the UK it is apparent that Belfast achieves results that are worse than Liverpool at each stage but particularly at Key Stage 3. Table 4.18 shows that Belfast generally achieves results that are at least on a par with Leicester and Newcastle. However at Key Stage 3 attainment in maths for Belfast is much poorer than that of these two cities. Belfast's attainment in GCSE English is very much poorer than the equivalent for Glasgow, though in maths Belfast and Glasgow are on a par. (See: PACE (2006))⁴²

However, in their evidence to the PACE the department correctly acknowledges that public spending alone is not the going to resolve this problem and thus other measures such as curriculum development are currently being explored.

Table 4.18 Attainment in English and Maths in Schools with 40 Per Cent or More of Pupils Eligible for Free School Meals						
<i>Level</i>	Subject	Belfast	Leicester	Newcastle upon Tyne	Liverpool	Glasgow
Overall Free School Meal Entitlement in these schools		52%	48%	57%	52%	49%
Key Stage 2:2 proportion (%)	English	53	50	55	61	Na
Achieving expected level (4) or Above	Maths	57	52	56	63	Na
Key Stage 3:3 proportion (%)	English	40	32	28	56	Na
Achieving expected level (5) or Above	Maths	28	39	39	50	Na
GCSE/Scottish National	English	27	29	18	31	50
Qualifications: proportion (%)	Maths	21	23	11	27	21
Achieving A*-C4						

¹ Excluding independent schools.

² Teacher assessments.

³ Tests.

⁴ Scottish Standard Grades 1-3 or equivalent.

⁴² PACE (2006) Supplementary memorandum submitted by the Department of Education for Northern Ireland, Performance of schools in GB cities compared to Belfast

4.9 Conclusions: Education Expenditure for Children and Young People in Northern Ireland

Unfortunately ERINI's research into relative public expenditure on education has been severely restricted by the lack of comparable data in the public domain. The research however can acknowledge that in 2004/05 relative to Wales, Northern Ireland spent significantly less (17.2 per cent) per pupil at the primary level and 0.5 per cent more at the secondary level. While educational attainment levels are high for many pupils in Northern Ireland relative to other regions, there remains a large tail of underachievement in literacy and maths particularly for secondary schools in the Belfast region.

While the department quite rightly allocates more TSN funding to schools where indicators suggest high levels of disadvantage; a variety of other influences on funding will ultimately determine final allocations and expenditure. In terms of current resources being skewed towards those children and young people who are in most need, the research evidence concludes that the BELB contains the highest proportion of such vulnerable pupils yet despite higher TSN funding allocations, a problem of underachievement still exists.

There are inherent difficulties associated with making 'like for like' comparisons between different types of schools whether at primary or secondary levels. Nevertheless, within a given budget, choices have to be made on resource allocation. The issue then is whether at the margin, a shift of resource from one sector to another, would lead to a net improvement to the output of the school system as a whole. This is an issue that deserves much more detailed analysis than has been possible in the present report.

ERINI welcomes the department's willingness to accept proposals set out in the *Independent Review of Schools in Northern Ireland* (DENI 2006) and it is hoped that greater efficiency in schools expenditure may be one of a number of factors which will allow for extra resources to be directed at tackling Northern Ireland's underachievement problem. In addition to extra resources the research also indicates that the department needs to review policy aimed at tackling underachievement and narrowing the gap between the highest and lowest achievers.

Section 5.

HOUSING

There is strong evidence that poor housing, and in particular temporary housing, holds back educational attainment among children⁴³. In addition, poor housing can have a detrimental effect upon health. The UK Government policy is that all social housing should reach the “decent home standard” by 2010⁴⁴.

Overall housing expenditure in Northern Ireland amounted to £238 per capita in 2004–05. In current prices for that year, this represents an increase of 36 per cent over the five years previous. Table 5.1 below shows that relative to housing expenditure in other UK regions, Northern Ireland has the highest per capita spend with 2004–05 expenditure approaching double the UK equivalent.

Table 5.1 UK Identifiable Housing Expenditure (£ per head), 2004–05 prices				
	Northern Ireland	England	Scotland	Wales
2000–01	175	79	136	84
2001–02	171	89	201	92
2002–03	170	74	173	99
2003–04	208	92	183	93
2004–05	238	114	169	123
Percentage change	36	44	24	46
UK Identifiable Housing Expenditure £ per head indexed UK=100				
2000–01	202	91	158	97
2001–02	154	88	200	92
2002–03	196	86	199	114
2003–04	203	89	178	91
2004–05	195	93	138	100

Source: PESA (2005), Conversion to 2004–05 prices by ERINI

Sefton (2004) points out that in the case of housing, spending in any given year is not necessarily a good guide to the value of housing subsidies because of the substantial proportion which is directed into capital investment. Housing subsidies (in the form of housing

43 See: HM Inspector of Schools, A Survey of the Education of Children Living in Temporary Accommodation, (Department of Education and Science, 1990).

44 See: <http://www.communities.gov.uk/index.asp?id=1152136>

benefit, sub-market rents in social housing and discounts for co-ownership) are a better measure of the flow of benefits to low-income households.

5.1 Housing Subsidies

In order to protect households on low incomes and benefits, housing benefit is available to tenants in the private and social rented sector, as well as to owner-occupiers on low incomes. People in receipt of income support, income based jobseeker's allowance or the guarantee element of state pension credit usually get the maximum amount of housing benefit, and are exempt from paying rates. In 2004–05 Northern Ireland's total housing benefit bill was £371.5 million.

175,000 of the poorest households in Northern Ireland currently receive housing benefit. 78 per cent of households currently receiving housing benefit receive full housing benefit. This equates to approximately 20 per cent of all households⁴⁵. The number of children living in households which are entitled to housing benefit was estimated to be in the region of 59,800 in 2004/05 and (with approximately 55,100 children living in Northern Ireland Housing Executive (NIHE) homes and 4,100 live in housing association homes).

Table 5.2 below shows that 12.8 per cent of all children in Northern Ireland (0–17) live in NIHE homes and 47,386 (86 per cent) of those children come from the two poorest income groups. The majority of children in Northern Ireland (78.9 per cent) live in owner-occupied homes but a substantial number of these children also fall into the two poorest income groups with 118,398 children for owned with mortgage and 27,648 in the owned outright group.

⁴⁵ See: DFP: Northern Ireland Priorities and Budget 2006-08.

Table 5.2 Quantile Distribution of Income for Children by Various Family and Household Characteristics

Tenure	% of Children					Number of Children ('000)	% of Children
	Bottom Quintile	Second Quintile	Third Quintile	Fourth Quintile	Top Quintile		
NIHE	57	29	12	2	0	55.1	12.8
Housing Association	31	47	22	0	0	4.1	1.0
Private Rented	29	39	16	8	8	28.6	6.6
Owned with mortgage	20	22	24	21	13	281.9	65.5
Owned outright	28	20	19	16	16	57.6	13.4
Other	30	19	37	14	0	2.9	0.7

Source: FRS2004/05

Table 5.3 below shows that relative to GB, Northern Ireland has a lower proportion of its child population living in public sector housing.

Table 5.3 Percentage of Children by Tenure, Northern Ireland and Great Britain, 2004/05

Tenure	% of Northern Ireland Children		% of Great Britain Children
NIHE	12.8	<i>Local Authority</i>	17
Housing Association	1.0	<i>Housing Association</i>	8
Private Rented	6.6	<i>Private Rented</i>	7
Owned with Mortgage	65.5	<i>Owned with Mortgage</i>	59
Owned Outright	13.4	<i>Owned Outright</i>	7
Other	0.7	<i>Other</i>	1
<i>Child Population</i>	<i>430,200</i>		<i>12.8 million</i>

Source: DWP:FRS http://www.dwp.gov.uk/asd/hbai/hbai2002/excel_tabs.asp

Data taken from the *Northern Ireland House Condition Survey* shows that the percentage of large and small families living in Housing Executive homes and housing association homes has fallen. This trend has been mirrored by a simultaneous expansion in families living in private rented housing. (See Table 5.4 below)

Table 5.4 Household Type All Tenures, 1996, 2001 and 2004

	% in Owner Occupied			% in Private Rented			% in Housing Executive			% in Housing Association			% in All Tenures		
	1996	2001	2004	1996	2001	2004	1996	2001	2004	1996	2001	2004	1996	2001	2004
Lone Adult	9.1	8.7	9.1	27.1	29.5	21.8	17.0	17.2	21.9	15.1	12.1	11.0	12.3	12.1	12.3
Two Adults	14.0	13.6	13.7	13.2	14.8	11.7	7.9	8.1	10.3	5.4	3.8	3.9	12.2	12.3	12.7
Small Family	14.0	14.6	18.3	10.8	9.7	9.2	9.1	8.8	9.0	3.1	3.2	1.3	12.3	12.8	15.5
Large Family	16.4	15.0	15.5	6.6	8.1	10.0	11.6	7.5	7.1	5.8	3.0	1.3	14.5	12.7	13.3
Large Adult	18.1	18.2	16.8	12.0	8.8	11.4	7.8	6.5	5.7	4.8	1.0	4.6	14.5	14.7	14.2
Two Older	14.9	15.5	14.8	7.1	7.8	7.8	11.2	11.1	11.4	8.8	8.1	12.4	13.4	13.8	13.5
Lone Older	11.5	12.3	9.7	13.6	11.5	11.9	20.7	22.1	20.1	48.5	59.1	51.4	14.7	15.4	12.8
Lone Parent	2.0	2.1	2.1	9.7	9.8	16.1	14.8	18.7	14.5	8.6	9.8	14.0	5.7	6.1	5.7
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

Source: Northern Ireland House Condition Surveys

The proportion of housing benefit which actually benefits children in welfare-dependent households is difficult to establish. Nonetheless it is possible to take a simplistic approach and divide the total housing benefit per annum by the total number of children living in households receiving housing benefit. Using this approach it would appear that on a per capita basis, children in Northern Ireland receive more housing benefit than their GB counterparts. (See table 5.5 below.)

Table 5.5 Housing Benefit Expenditure, GB and Northern Ireland per Child, 2003-04

	GB	Northern Ireland
Housing Benefit (£)	12,315,100,000	359,000,000
No of Children	2,500,000	59,800
Benefit per Child	£4,926.04	£6,003

Source: GB Data DWP: <http://www.dwp.gov.uk/asd/asd4/TableH8.xls>. Northern Ireland Data – FRS/ DSD

5.2 Indicators of Housing Condition Northern Ireland

Work previously carried out by ERINI (2004)⁴⁶ which examined the quality of life locally, also compared the quality of Northern Ireland's homes relative to elsewhere. The study found that relative to the English regions Northern Ireland exhibited the second highest percentage of dwellings meeting the Decent Home standard as a proportion of the total housing stock. Northern Ireland also emerged as the most affordable region in the UK in terms of housing costs⁴⁷.

TABLE 5.6 Dwellings Meeting the Decent Home Standard as a Proportion of Total Housing Stock, English Regions and Northern Ireland (2001)

Region	Northern Ireland = 100
North East	120.00
Northern Ireland	100.00
East	113.17
East Midlands	108.90
South East	110.42
North West	89.08
England	96.07
Yorkshire and the Humber	85.03
West Midlands	82.60
South West	93.81
London	87.85

Source: ODPM (2003); NIHE (2003)

ERINI (2004) presented a composite ranking for housing access across the English regions. This index reflected the magnitude of difference in terms of decent and affordable housing and also adjusted for the level of homelessness in each region. Northern Ireland emerged as the highest scoring region in terms of overall quality of housing with England's East region deemed to have a housing quality equivalent to only 69.7 per cent of that prevailing in Northern Ireland.

⁴⁶ See: ERINI(2004) Quality of Life in Northern Ireland.

⁴⁷ Affordability is a broader concept than simply house prices: the housing affordability index used in ERINI's Quality of Life (2004) monograph reflects the costs incurred in running a house – fuel, heat, light etc as well as mortgage or rent payments.

Table 5.7 Housing Index, Northern Ireland and English Regions, 1996–1999

Northern Ireland	100.00
West Midlands	97.52
Yorkshire and the Humber	97.47
London	95.78
North West	88.45
England	85.05
North East	80.46
South East	80.34
South West	77.06
East Midlands	72.63
East	69.70

Source: ERINI (2004)

5.3 Fuel Poverty

It is, however, worth noting that in the case of Northern Ireland, the level of fuel poverty is among the worst in the UK. The Northern Ireland Interim House Condition Survey 2004 found that 153,530 local households (23.9 per cent) suffer from fuel poverty. *(A household is in fuel poverty if it needs to spend more than 10 per cent of its income on all fuel use).*

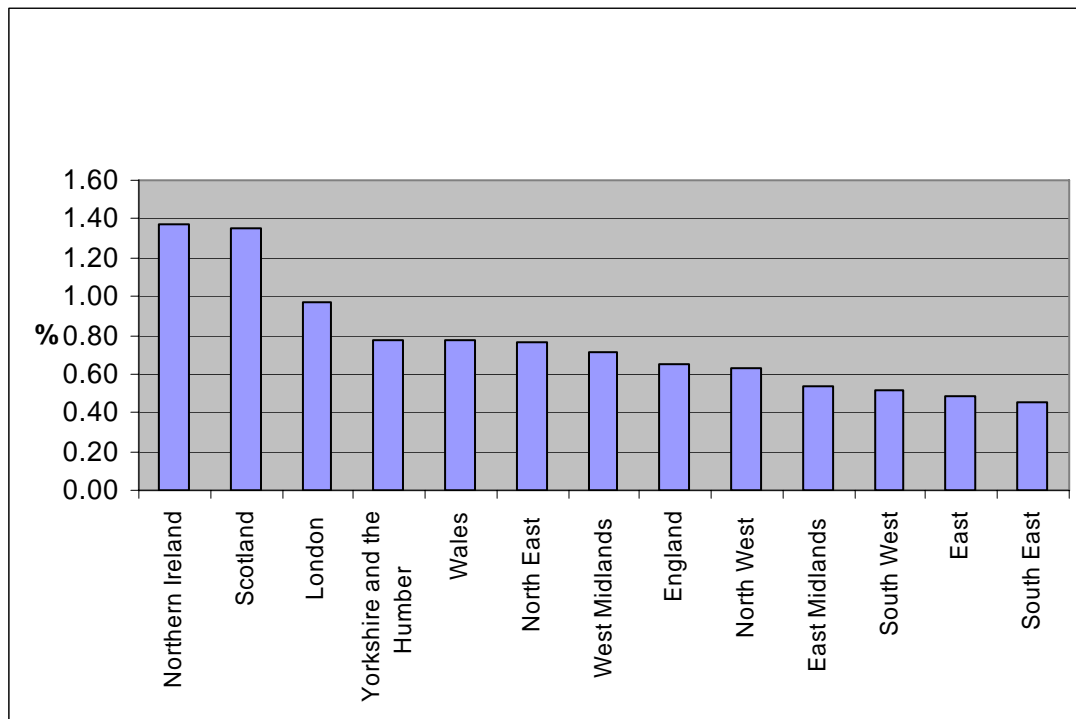
5.4 Homelessness

Homelessness is another important housing indicator. As well as the physical health impacts of being homeless, there is evidence that homeless children suffer from high rates of mental ill-health and behavioural problems⁴⁸. Figure 5.A presents a regional comparison of homelessness. In this case Northern Ireland emerges as the worst UK region in terms of percentage of households classified as homeless in 2003. In the EU context, ERINI (2004)⁴⁹ found that homelessness levels for the UK are very high – second only to Germany, which suggests that Northern Ireland levels of homelessness are among the highest in the EU. The *Northern Ireland Housing Market Review And Perspectives* (NIHE 2005) reports that in 2004/5 a total of 17,362 households were presented as homeless. Families with children were the second biggest category of presenters: 5,700 (33 per cent) of those presenting. However, the number of presenters *accepted* as being statutorily homeless actually declined, with only 8,470 households being accepted as homeless in 2004/05.

⁴⁸ See: Davey, T. L. (1998)

⁴⁹ See: ERINI (2004) *The Quality of Life in Northern Ireland*, ERINI Research Monograph 1

Figure 5.A Percentage of Homeless Households, UK Regions 2003



Source: Households accepted as homeless taken from Regional Trends (2006) Table 6.12 and Number of Households sourced from ONS

<http://www.statistics.gov.uk/statbase/Expodata/Spreadsheets/D7678.xls> Table 3.19

5.5 Waiting List

The number of those on the Common Waiting List for social housing including the number of applicants in housing stress, continued to grow rapidly in 2005. In March last year, the overall number of applicants stood at over 29,800, an increase of 7.8 per cent on March 2004. Without doubt families with dependent children are prioritised on the waiting list. Trends in Northern Ireland's waiting list over the last 10 years are shown below. It can be seen from Table 5.8 that the 'total waiting list' has increased by approximately 30 per cent over the period while the 'total urgent need' has increased by 48 per cent.

Table 5.8 Trends in Northern Ireland Housing Waiting List, 1994–2005

	Total Waiting List	Total "Urgent Need"	% "Urgent Need"
Mar 94	22,962	10,579	46.1
Mar 95	23,355	11,196	47.9
Mar 96	23,349	11,148	47.7
Mar 97	23,759	11,895	50.1
Mar 98	22,691	11,510	50.7
Mar 99	23,193	11,678	50.4
Mar 00	23,084	11,732	50.8
Mar 2001 *	22,054	10,639	48.2
Mar 02	25,983	12,486	48.1
Mar 03	26,700	13,237	49.6
Mar 04	27,656	14,247	51.5
Mar 05	29,819	15,660	52.5

*From March 2001 "Urgent Need" was redefined as Housing Stress.

Source: NIHE: Northern Ireland Housing Market Review and Perspectives

Overall indicators with regard to housing conditions and affordability are relatively good for Northern Ireland. However, Northern Ireland does not present such a favourable picture when indicators such as fuel poverty and homelessness are examined.

The Northern Ireland *Priorities and Budget 2006–08* sets out the proposed current and capital expenditure to promote measurable improvements in social housing in the next two years. (See Table 5.9). In the 2007–08 it is anticipated that current expenditure for housing will decline.

Table 5.9 Planned Public Expenditure on Social Housing in Northern Ireland

Social Housing Development	2006–07		2007–08	
	Budget	Current Exp	£231.6m	Current Exp
	Investment	£128.5m	Investment	£105.2

Source: DFP: Priorities and Budget 2006–08

5.6 Housing Expenditure Conclusions

Overall housing expenditure in Northern Ireland amounted to £238 per capita in 2004–05. In current prices for that year, this represents an increase of 36 per cent over the five years previous. Relative to housing expenditure in other UK regions, Northern Ireland has the highest per capita spend with 2004–05 expenditure approaching double the UK equivalent. However, capital expenditure on housing is less relevant than housing subsidies (in the form of housing benefit, sub-market rents in social housing and discounts for co-ownership) as a measure of the flow of benefits to low-income households. While basic calculations show that Northern Ireland spends more on housing benefit per child than GB, other indicators suggest that *need* in Northern Ireland is greater than elsewhere because of higher levels of fuel poverty and homelessness. ERINI has not attempted to examine the benefits side of housing expenditure in great depth, as this is currently being considered by the Institute of Fiscal Studies for NICCY.

CONCLUSIONS

Without doubt the overall level of services provided to children can have significant repercussions for influencing and shaping society as well as promoting economic development in the future. The importance of assessing expenditure on children's services cannot be overstated as, ultimately, policy makers must be aware of the level of resources being directed at children and young people if they are to make changes in expenditure priorities, monitor expenditure growth and ensure this is related to overall need.

However, ERINI advises caution before drawing any conclusions based exclusively on direct comparisons of spending levels between UK regions. As noted earlier, needs might vary from region to region or perhaps some regions use their funding more efficiently than others and provide children with a high standard of service for less money. Thus, ERINI is reluctant to make critical observations based on *relative* expenditure for children as ultimately these various factors (such as need, economies of scale, rurality, and demography) will influence overall expenditure requirements irrespective of what other countries are spending.

Essentially, Northern Ireland should aim to spend sufficient public money to ensure that the overall well-being of children is maximized; that all children and young people are provided with an adequate health service; high levels of educational participation and achievement irrespective of background are achieved and that all children enjoy a home that is in good repair and fit for use.

The principal aim of this research as set out in the Terms of Reference was to establish what expenditure levels for children's services are in Northern Ireland and compare this expenditure with other UK regions. In addition, ERINI has sought to establish if those children and young people who are in most need have benefited (or otherwise) in comparison to their counterparts in the rest of the UK.

A number of observations highlighted in the report are listed below:

Poverty

- The UK Government has implemented a series of steps in the hope of reducing the number of children facing poverty in the UK. Between 1997 and 2004–05, it is estimated that the rate of UK children facing poverty during this time frame has fallen by 9 per cent.
- Using the government's new absolute poverty measure, it has been estimated that 14 per cent of the child population are living in poverty; however this increases to 38 per cent if the consensual poverty measure is used.
- In terms of indicators used to assess children at risk of poverty, Northern Ireland, when compared to the rest of the UK, displays the following characteristics: a higher proportion of children coming from welfare dependent households: a higher proportion

of lone parents, a higher percentage of household income coming from benefits and a greater number of children per household.

Health

- Average per capita expenditure for health in Northern Ireland is higher than elsewhere in the UK.
- When health services which directly affect children, (i.e. family health services and personal and social services) are examined, it was found that family health services expenditure in Northern Ireland was higher than in other regions – but this expenditure was inflated by the excessive cost of prescriptions per capita.
- With regard to social services expenditure on children and families, Northern Ireland spent less per child in 2004–05 (approximately 28.6 per cent less) when compared to England. In addition, the proportion of Northern Ireland’s personal and social services budget spent on children amounts to only 14.1 per cent compared to 24 per cent spent in England and 26.1 per cent spent in Wales.
- A recently published review of health and social services in Northern Ireland noted that evidence was not found to suggest that there is a significantly lower level of social services provision in Northern Ireland relative to England. However, the review noted that there may be specific areas where there are insufficient resources and potentially a case could be made for a higher level of provision given relative levels of deprivation.
- In terms of current funding being skewed towards those children and young people who are most in need, ERINI found that the average spend per child was greatest in HSS trusts which contain a higher proportion of wards with elevated child poverty scores.

Education

- Northern Ireland has a relatively large proportion of school-age children relative to other UK regions. In 2004–05 Northern Ireland spent £2,271 per primary school pupil and £3,424 per post-primary pupil.
- In 2004–05, Northern Ireland’s primary pupils received less expenditure per head (17.2 per cent less) relative to counterparts in Wales. However, at the secondary level pupils in Northern Ireland had 0.5 per cent more spent on them relative to Welsh counterparts. Direct comparisons of educational expenditure between UK regions should always be treated with caution because of differences in levels of delegation and in arrangements for distribution of central funding. Unfortunately, directly comparable data for per pupil expenditure is not available for other UK regions.
- The Belfast Education and Library Board has the highest proportion of children in greatest need (measured by free school meal entitlement, special education needs etc). Relatively more TSN funding is skewed towards schools in this board, reflecting the

greater overall levels of need and, indeed, the proportion of schools with high levels of pupils identified as requiring support within these schools.

- Although the BELB receives approximately 27 per cent more per pupil for social deprivation when compared to the NEELB schools, there remains a problem for a large number of secondary school pupils in the Belfast area. The BELB's poor educational attainment levels for secondary schools at Key Stage 3 are a key challenge for the Department of Education.
- While Northern Ireland statistics portray a picture of high achievement at GCSE levels relative to other regions, it is also significant that in 2005/06, 3.5 per cent of all pupils in NI left school with no formal qualifications, which is higher than the UK equivalent of 3 per cent.
- It is necessary to look beyond comparisons with England to evaluate how the education system in NI serves children and young people. While public expenditure levels are important, they should not be dictated by relativities. Local spending must reflect need, efficiencies as well as local unit costs.

Housing

- Overall housing expenditure in Northern Ireland amounted to £238 per capita in 2004–05. In current prices for that year, this represents an increase of 36 per cent over the five years previous.
- Relative to housing expenditure in other UK regions, Northern Ireland has the highest per capita spend with 2004–05 expenditure approaching double the UK equivalent.
- Capital expenditure on housing is less relevant than housing subsidies (in the form of housing benefit, sub-market rents in social housing and discounts for co-ownership) as a measure of the flow of benefits to low-income households.
- In 2004/05, 8,470 Northern Ireland households were accepted as homeless. Families with children were the second biggest category of presenters: 5,700 (33 per cent) of those presenting.
- Relative to GB, Northern Ireland has a lower proportion of its child population living in public sector housing.
- Basic calculations show that Northern Ireland spends more on housing benefit per child than GB, other indicators suggest that need in Northern Ireland is greater than elsewhere because of higher levels of fuel poverty and homelessness.

ANNEX A

Source: Economic Trends, 615, Feb 2005: Relative Regional Consumer Price Levels in 2004. Damon Wingfield, David Fenwick, Kevin Smith, ONS

Appendix D: Group Level Results 2004 (UK = 100)

National Weights

	Food	Catering	Alcoholic Drinks	Tobacco	Housing	Fuel and light	House- hold Goods	House- hold Services	Clothing and Footwear	Personal Goods and Services	Motoring Expenditure	Fares and Other Travel Costs	Leisure Goods	Leisure Services
North East	97.1	97.0	96.5	99.3	82.5	105.2	96.9	91.1	100.4	94.6	97.3	98.1	100.5	97.1
North West	98.5	99.5	96.7	99.5	89.3	94.9	98.5	97.8	102.2	97.6	102.1	90.6	100.3	97.5
Yorkshire and Humberside	97.6	95.1	95.6	99.0	84.5	97.5	99.8	94.6	96.3	96.3	95.5	89.9	99.1	99.0
East Midlands	100.6	99.8	98.0	99.6	91.6	97.1	103.1	97.5	98.4	95.9	97.5	101.2	98.5	99.6
West Midlands	99.0	99.5	97.8	99.4	92.3	97.5	97.6	99.8	102.3	96.5	100.5	92.2	99.5	101.3
Eastern	101.0	100.4	100.4	100.9	107.5	96.6	102.1	99.3	98.1	102.5	95.9	98.2	100.3	99.6
London	103.2	102.8	107.2	101.0	128.6	107.2	105.0	114.0	104.8	109.0	100.9	99.0	101.3	107.7
South East	101.3	102.5	103.7	101.3	122.3	97.7	103.1	105.5	99.6	101.9	96.5	97.5	100.1	101.3
South West	100.3	102.1	102.2	99.9	107.0	109.2	94.4	99.2	101.5	99.4	96.2	103.6	102.7	101.3
Wales	98.0	94.2	96.3	99.1	77.1	100.5	96.0	94.1	98.7	96.5	97.6	109.5	97.2	96.9
Scotland	99.9	103.3	99.0	100.5	77.3	97.6	102.5	88.2	99.1	101.3	97.0	99.3	102.3	100.8
Northern Ireland	101.9	102.2	98.0	99.3	67.9	112.6	96.2	88.5	96.7	97.2	121.8	99.6	100.5	100.2

Regional Weights

	Food	Catering	Alcoholic Drinks	Tobacco	Housing	Fuel and light	House- hold Goods	House- hold Services	Clothing and Footwear	Personal Goods and Services	Motoring Expenditure	Fares and Other Travel Costs	Leisure Goods	Leisure Services
North East	96.4	95.7	95.8	99.3	80.5	104.9	96.0	88.0	99.7	95.4	97.0	96.6	99.2	96.1
North West	98.0	98.9	96.5	99.5	87.6	94.6	98.0	93.4	101.2	97.8	101.5	89.7	100.1	96.9
Yorkshire and Humberside	97.3	94.4	95.1	99.0	83.9	97.2	99.1	90.9	95.7	96.5	95.2	91.3	99.1	98.6
East Midlands	100.2	99.6	97.9	99.6	91.4	96.9	102.3	96.0	98.1	96.5	97.4	99.9	97.9	98.9
West Midlands	99.0	99.3	97.8	99.3	91.8	97.3	96.8	96.7	101.8	96.6	100.4	92.2	99.5	100.8
Eastern	100.7	100.1	100.3	100.9	107.5	96.3	101.2	98.0	97.5	102.8	95.4	95.3	100.1	99.0
London	103.0	102.4	107.1	101.0	127.1	106.4	104.1	111.2	104.3	107.6	100.9	94.4	101.1	107.0
South East	100.9	102.2	103.5	101.3	123.3	96.9	102.3	103.3	98.8	102.1	95.8	96.3	99.8	99.8
South West	100.0	101.9	102.1	99.8	107.0	109.5	93.9	98.6	101.0	99.7	95.0	102.9	101.7	100.7
Wales	97.7	93.9	95.7	99.1	75.9	100.7	95.2	91.8	98.3	96.8	97.6	104.9	97.1	97.3
Scotland	99.6	102.9	98.7	100.5	77.4	98.1	101.4	74.0	98.7	101.8	96.8	96.8	101.5	99.7
Northern Ireland	100.8	101.8	97.4	99.6	73.8	108.5	94.8	85.9	96.2	97.1	110.7	100.5	100.1	99.1

ANNEX B

SCHEDULE OF COMPARABLE SUB-PROGRAMMES				
Sub- programme description	2004-05 provision	Comparability percentages for 2004 Spending Review		
	£,000	Scotland	Wales	Northern Ireland
Education & Skills				
Grants to Voluntary Aided Schools for Capital and Repairs	590,990	100%	100%	100%
Central and Local Government Expenditure on Grant-maintained Schools	1,553	100%	100%	100%
Assisted Places Scheme Baseline	10,000	100%	100%	100%
Central Govt Grants under the Music and Ballet Scheme	15,979	100%	100%	100%
City Technology Colleges	1,700	100%	100%	100%
Sure Start	889,746	100%	100%	100%
Special Grants	745,624	100%	100%	100%
Childrens Fund	195,467	100%	100%	100%
Student Loans	952,071	100%	0%	100%
Grant to the Higher Education Funding Council	5,835,744	100%	100%	100%
Further Education Miscellaneous (Including Grants to Travellers)	84,818	100%	100%	100%
Local Authority Current Expenditure on Adult Education	176,445	100%	100%	100%
Administration of the Student Loans Company	43,549	100%	0%	100%
Central Govt. Higher Education Programmes (inc Engineering Bursaries)	13,830	100%	100%	100%
Higher and Further Education Access Funds	27,645	100%	100%	100%
Post Graduate Awards	279	100%	0%	100%
Central and Local Govt Spending on Mandatory Awards	740,370	100%	0%	100%
Expenditure on Teacher Training other than through the Teacher Training Agency	87,184	100%	100%	100%
The Learning and Skills Council - R+G40 replacement for the Further Education Funding Council	5,783,157	100%	100%	100%
Adult Learning Inspectorate	24,630	100%	100%	100%
Sector Skills Development Agency	61,910	100%	100%	100%
Higher Education: Europe and International Services	671	100%	100%	100%
Learning and Skills Council: Sixth Forms	1,476,000	100%	100%	100%
Education in Prisons and Custodial Institutions	127,397	100%	100%	100%
DTI Funding for HEFCE	-306,138	100%	100%	100%

SCHEDULE OF COMPARABLE SUB-PROGRAMMES

Sub- programme description	2004-05 provision £,000	Comparability percentages for 2004 Spending Review		
		Scotland	Wales	Northern Ireland
Misc Progs Aimed at Equipping Children for Adult life (inc.IT in Schools)	28,541	100%	100%	100%
Qualifications Frameworks	78,721	100%	100%	100%
Expenditure Supporting the Governments Aims in the European Union	21,958	0%	0%	0%
Specialist Schools	26,200	100%	100%	100%
Progs Supporting all Objectives inc.Teachers' Medical Fees	12,793	100%	100%	100%
Student Support (Including Dance and Drama)	11,107	100%	100%	100%
Children and Family - Equipping Children for Adult Life	789	100%	100%	100%
Central and Local Govt Expenditure on the Youth Service	42,222	100%	100%	100%
Recreational Services and RE	889,934	100%	100%	100%
Compensation to College of Education Staff	355	100%	100%	100%
Teacher Training Agency	1,483,664	100%	100%	100%
National College for School Leadership	64,635	100%	100%	100%
Standards Fund (Formerly GEST)	2,950,394	100%	100%	100%
Office of Her Majesty's Chief Inspector of Schools	195,460	100%	100%	100%
Miscellaneous International Education Programmes (inc.European Sch)	19,976	100%	100%	100%
Children and Family - Misc Programmes	67,631	100%	100%	100%
Children and Family - Standards Fund Capital	1,000	100%	100%	100%
Children and Family - Youth Service	16,500	100%	100%	100%
Family and Policy unit - Community Services	17,937	100%	100%	100%
Supported Borrowing: Schools	1,458,000	100%	100%	100%
European University Initiative Subscription	2,759	100%	100%	100%
European University Initiative Bursaries	274	0%	0%	0%
British Academy	13,330	0%	0%	0%
Children and Families - Justice	5,247	100%	100%	100%
Children and Family Court Advisory and Support Service	94,872	100%	100%	100%
Children and Families - Personal Social Services	27,772	100%	100%	100%
Children and Families - Health and Misc Services	16,186	100%	100%	100%
Children and Families - Secure administration	6,242	100%	100%	100%
Children and Families - Childrens Services Grants	66,000	100%	100%	100%

SCHEDULE OF COMPARABLE SUB-PROGRAMMES

Sub- programme description	2004-05 provision £,000	Comparability percentages for 2004 Spending Review		
		Scotland	Wales	Northern Ireland
Children and Families - Teenage Pregnancy	29,000	100%	100%	100%
Children and Families - Children and Adolescent MH Grants	3,000	100%	100%	100%
Children and Families - LA Supported Borrowing	9,302	100%	100%	100%
Children and Families - Hosp and Community Services	596	100%	100%	100%
Connexions Youth Support Service	533,117	100%	100%	100%
Publicity and Research	34,988	100%	100%	100%
E-Portals	1,374	100%	100%	100%
Departmental Administration	253,216	100%	100%	100%
ESF Admin Payments and ILO Subscription	9,454	0%	0%	0%
Youth Training Programme	3,533	100%	100%	100%
Career Development for Adults	42,657	100%	100%	100%
TEC Strategic Budget, Performance Related Funding and Discretion Fund)	3,675	100%	100%	100%
Improving the Training Market	57,539	100%	100%	100%
Neighbourhood Support Fund	10,000	100%	100%	100%
Capacity Building	2,150	100%	100%	100%
Union Learning Fund	8,200	100%	100%	100%
Learning and Skills Council - Adults	1,284,000	100%	100%	100%
Learning and Skills Council - Other	49,100	100%	100%	100%
University for Industry	44,000	100%	100%	100%
Millennium Volunteers	15,000	100%	100%	100%
	27,595,021	99.8%	93.5%	99.8%

ANNEX C

Health: Capitation Formula

(Summary of formula taken from Allocating Resources To Health And Social Services Boards: Proposed Changes To The Weighted Capitation Formula, A Fourth Report From The Capitation Formula Review Group)

Available at: <http://www.dhsspsni.gov.uk/capitation-cfrg-fullrpt-no1.pdf>

Description of Current Formula

The aim of the regional allocation formula is to determine each HSS board's fair share of available resources based on its population size, the age/gender and additional needs profile of that population, and other factors such as the extra cost of providing services due to sparsity of population (i.e. the rural cost adjustment) and the different levels of income collected by providers in each HSS board area from clients in the residential and nursing home sector.

A Programme of Care (PoC) approach has been adopted in the allocation formula in order to explicitly address the specific needs of individual client groups. There are nine PoCs, as listed below:

- PoC1 – Acute Services
- PoC2 – Maternity and Child Health
- PoC3 – Family and Childcare
- PoC4 – Elderly Care
- PoC5 – Mental Health
- PoC6 – Learning Disability
- PoC7 – Physical and Sensory Disability
- PoC8 – Health Promotion and Disease Prevention
- PoC9 – Primary Health and Adult Community

Each PoC formula comprises a relevant population, an age/gender weighting and an additional needs weighting. The relevant population refers to the client group on which the PoC is based, for example, all persons aged 65+ in respect of the Elderly PoC. The rationale for then applying an age/gender weighting is that two populations of the same size could have a different need for health and personal social services due to differing age /gender structures of those populations. Even within the Elderly PoC, clients aged 75 and over generally require more services than those aged 65–74

An additional needs weighting is then required as two populations of the same size and structure could still have a differential need for services due to a differing underlying morbidity associated with, for example, deprivation. The age/gender and additional needs weighted populations in each PoC are then combined in order to produce a single composite weighted population share for each HSS board.

ANNEX D

Summary of the common funding scheme: local management of schools (LMS) formula

Local Management of Schools

The Local Management of Schools (LMS) arrangements for the financing of schools were first introduced in 1991 and allow for the delegation of financial and managerial responsibilities to schools.

School budgets are determined by formula and delegated to the boards of governors of individual schools to meet the on-going costs of running their school. The management of a school's budget is then determined by the board of governors and principal who are best placed to make decisions on relative priorities and the most effective use of resources in accordance with their school's needs.

From 1991 to 2004 there were seven different LMS formulae in use - operated by the five education and library boards for controlled and maintained schools and by the department for voluntary grammar and grant-maintained integrated schools.

From April 2005, a Common Funding Scheme provides delegated funding to all grant-maintained schools in Northern Ireland, ensuring that all schools have their budgets calculated on a consistent, fair and transparent basis, with schools of similar size and characteristics receiving similar funding regardless of their geographical location.

Schools within the Scope of the Common Funding Scheme

All grant-aided schools, other than special schools or schools established in hospitals, are funded under these arrangements unless the right to a delegated budget has been withdrawn.

Key Principles for Common Funding Scheme

The Common Funding Scheme has been developed in accordance with the following key principles:

- schools should be funded according to their relative need, and in a way that helps mitigate the effects of social disadvantage;
- schools should be funded on an objective and fair basis determined as far as possible by objective measures of the various factors which give rise to
- unavoidable and significant additional expenditure;
- the formula should support schools in delivering the curriculum;
- the formula should underpin and reinforce wider education policy and objectives;
- the formula should be as transparent and comprehensible as possible and predictable in its outcome;
- the formula should be easy to administer and simple to operate by Funding Authorities and schools.

Any changes to the Scheme should reflect the above principles.

The total resources available for allocation by means of the formula are known as the "Aggregated Schools Budget". The department, following validation of each school's data by the relevant Funding Authority, calculate the formula allocation for each school and provide each Funding Authority with details of the allocations for each of its schools. The total of all formula allocations to be made by each Funding Authority are known as the "Funding Authority's Formula Allocation".

The formula is made up of a range of factors developed to reflect the main costs associated with schools, namely numbers of pupils; their ages and profile; the relative size of schools; costs associated with school buildings; together with a range of other factors which recognise the distinctive features of individual schools and certain pupils that give rise to significant and unavoidable costs.

As the main factor in distributing funding, the Age-Weighted Pupil Unit factor accounts for around 82 per cent of all funding delegated to schools. A cash value is multiplied by various weightings to reflect differing costs associated with age ranges. For the purpose of age-weighting, the pupil's year group rather than his/her calendar age is used. Two of the other main factors, in terms of the relative level of overall funding distributed to schools, are detailed further below.

Total Funding to be Distributed Under the Size and Pupil Elements

The department determines an amount per square metre which is multiplied by the total approved floor area for all schools (in square metres). This total is then doubled to determine the overall amount of funding to be distributed under these elements.

The total funding for these elements is distributed as follows:

- 40 per cent of the funding allocated under this factor is be distributed according to the size of the school building; and
- 60 per cent is distributed on a per pupil basis.

Targeting Social Need (TSN)

This factor 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.

The measure used to determine social disadvantage is entitlement to free school meals (nursery children being assessed against parents in receipt of jobseeker's allowance or income support); and

- **an educational need element** which recognises the extra support required by pupils performing below the expected level for their age, regardless of social background.

In post-primary schools, the measure used is attainment at Key Stage 2 (or Key Stage 3 for Senior High schools) and details of how data is used to allocate funding are set out below.

In primary schools, two measures are used; one based on the Warnock factor which assesses the likely proportion of pupils who require additional support for learning, and one based on the number of pupils entitled to free school meals.

TSN in Nursery Schools and Nursery Classes

Nursery schools and nursery classes attached to primary schools (nursery units) receive all TSN funding under the social deprivation element, using the measure of income-based jobseeker's allowance (JSA) or income support (JSA/IS pupils). Funding allocations for individual schools

depend on the percentage of JSA/IS pupils enrolled in the nursery school/unit. The number of JSA/IS pupils enrolled at each school is expressed as a percentage of the overall pre-school children enrolled in the nursery school/unit (JSA/IS per cent). Part-time pupils are counted as 0.5.

Each year, the department determines the average JSA/IS across all schools and units and the uses this and the mid-point of above average enrolments to set three funding bands, with funding allocated incrementally:

- a baseline BAND 1 for all JSA/IS pupil numbers within a nursery school/unit at or below the average JSA/IS percentage value;
- BAND 2 for all JSA/IS pupils within a nursery school/unit who lie above the average percentage value up to and including the mid percentage value; and
- BAND 3 for all JSA/IS pupils within a nursery school/unit above the mid percentage value.

TSN in Primary Schools

Social Deprivation Element

In the primary sector, funding under the social deprivation element is distributed on an incremental basis as the proportion of children entitled to free school meals at a school increases. The department obtains details of the numbers of pupils in individual schools identified as being entitled to free school meals (FSME) from the annual census return, as verified by the education and library boards. Funding allocations for individual schools depend on the percentage of FSME pupils enrolled in the school. The number of FSME pupils enrolled at each school is expressed as a percentage of the overall children enrolled in the school (FSME per cent).

Each year, the department determines the average FSME per cent across all primary schools and the uses this and the mid-point of above average enrolments to set three funding bands, with funding allocated incrementally:

- a baseline BAND 1 for all FSME pupils numbers within a primary school at or below the average FSME percentage value;
- BAND 2 for all FSME pupils within a primary school who lie above the average percentage value up to and including the mid percentage value; and
- BAND 3 for all FSME pupils within a primary school above the mid percentage value.

Educational Need Element

The educational need element within formula funding is aimed at addressing educational underachievement and low attainment. It is designed to assist schools in addressing the extra support required by pupils performing below the expected level for their age. Within the primary sector, funding under the educational need element is distributed using two indicators of need. Part of the funding is distributed on the basis of a Warnock-type factor and part on the basis of the number of pupils entitled to free school meals. Funding for individual schools is allocated as follows:

- Warnock-type Factor – 18 per cent of the pupils enrolled in a primary/infant school (excluding pupils in special units) attract a fixed cash value;
- Free School Meals – pupils entitled to free school meals attract a fixed cash value.

TSN in Post-Primary Schools

Social Deprivation Element

In the post-primary sector, funding under the social deprivation element is distributed on an incremental basis as the proportion of children entitled to free school meals at a school increases. The department obtains details of the numbers of pupils in individual schools identified as being entitled to free school meals (FSME) from the annual census return, as verified by the education and library boards. Funding allocations for individual schools depend on the percentage of FSME pupils enrolled in the school. The number of FSME pupils enrolled at each school is expressed as a percentage of the overall children enrolled in the school (FSME per cent). The pupil count figure excludes pupils in preparatory departments.

- Each year, the department determines the average FSME per cent across all post-primary schools and the uses this and the mid-point of above average enrolments to set three funding bands, with funding allocated incrementally: a baseline BAND 1 for all FSME pupils numbers within a post-primary school at or below the average FSME percentage value;
- BAND 2 for all FSME pupils within a post-primary school who lie above the average percentage value up to and including the mid percentage value; and
- BAND 3 for all FSME pupils within a post-primary school above the mid percentage value.

Educational Need Element

The educational need element within formula funding is aimed at addressing educational underachievement and low attainment. Within the post primary sector, funding under the Educational Need Element is determined using Key Stage 2 assessment results for English and Maths (Key Stage 3 assessment results for Senior High Schools).

Information in relation to post-primary schools is requested in the census return. The Common Funding Formula uses the most up to date available data for funding calculations to be applied in the following financial year. The Key Stage assessment scores for pupils admitted into the standard entry year are weighted.

A percentage score for each school is determined by calculating and combining the total score for all pupils admitted and expressing this as a percentage of the maximum total score (i.e. if the full cohort were performing at or below the lowest level in both subjects). The pupil count figure excludes special unit pupils and pupils in preparatory departments. The resultant Key Stage 2 weighted percentage is then multiplied by the pupil count for the school and the figure obtained multiplied by the educational need Key Stage cash value. Key Stage results are averaged on a rolling three-year basis (or as many years as are available, up to three) to compensate for annual fluctuations in the individual year group achievements.

ANNEX E

The historical resource allocations for each education and library board in relation to delegated school budgets and school-related services (excluding earmarked budgets)

Note: Allocations to boards exclude funding for voluntary grammar and grant maintained integrated schools, which are funded by the Department of Education.

BELB	NEELB	SEELB	SELB	WELB	Total
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Schools Delegated Budgets

Schools Del. 04/05 £m	110.1	147.5	130.0	157.2	124.5	669.3
Schools Del. 05/06 £m	118.0	162.8	140.0	171.7	136.4	728.9
% Increase	7.2%	10.4%	7.7%	9.2%	9.6%	8.9%

ELB Centre (non-earmarked)

ELB Centre 04/05 £m	57.8	69.6	65.0	75.3	65.3	333.0
ELB Centre 05/06 £m	62.4	73.5	70.4	78.4	67.5	352.2
% Increase	8.0%	5.6%	8.3%	4.1%	3.4%	5.8%

Total Resource Allocation

Board Total 04/05 £m	167.90	217.10	195.00	232.50	189.80	1,002.30
Board Total 05/06 £m	180.40	236.30	210.40	250.10	203.90	1,081.10
% Increase	7.4%	8.8%	7.9%	7.6%	7.4%	7.9%

ANNEX F

Scotland: Children's Social Expenditure

Children's Panel. Include costs associated with children's panel hearings, for example training and expenses for panel members and the advisory committee, travel expenses for families attending hearings and fees for safeguarders (persons appointed to safeguard the interests of children in any proceedings before a Children's Hearing).

Children and Families. Include all expenditure / costs associated with social work services for: looked after (and formerly looked after) children, children with or affected by disability and other children in need and their families. Such services include: assessment and casework, child protection, fostering and adoption, residential care, day care for younger children, youth work services, home care, support for carers, children's rights/advocacy, and other services.

Exclude: education-related costs (including education expenditure on Residential Schools, day care, youth work services, etc) should be charged to the education service (LFR1)

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