

Consultation on school funding reform: rationale and principles

Summary of consultation responses

13 April 2011 to 25 May 2011

Introduction

On 13th April 2011 the Department for Education published a consultation on the rationale and principles for reforming the school funding system. The consultation ran for 6 weeks, until 25th May. It was the first stage in consulting on potential reforms to the funding system and was primarily concerned with high level objectives and aims for reform; it did not set out detailed proposals or solutions.

This is a summary of the responses to that consultation and it is being published to accompany the second consultation on more detailed proposals and options for potential reform. It sets out:

- an overview of responses to the consultation; and
- a summary of the responses to the questions.

A total of 803 responses were received, 218 of which were in the form of responses and petitions from residents in Haringey, who have raised issues about the need to accurately reflect differences across the country in the cost of employing teachers, known as area costs. Of the remaining 585 responses, 78 were in the form of letters and papers which did not respond specifically to the questions and so were not able to be included in the statistical analysis, leaving 507 responses loaded onto the econsultation database. The comments made in these letters and papers have however been included in the written analysis of comments under each question.

The 507 responses loaded onto the database break down by organisation as follows:

School:	217	43%
Individual Local Authority:	85	17%
Other:	55	11%
Schools Forum:	47	9%
Governor Association:	24	5%
Parent / Carer:	23	5%
Teacher:	15	3%
Early Years Setting:	14	3%
Local Authority Group:	13	3%
Other Trade Union / Professional Body:	7	1%
Teacher Association:	4	1%
Campaign Group:	3	1%
Total:	507	100%

A list of the organisations that responded can be found at Annex A

Overview

A short overview of some of the main comments is set out below:

- The vast majority of respondents agreed with all or some of the suggested characteristics for an ideal funding system, with many emphasising the need for stability and predictability for planning. The majority agreed that the current system falls short of these ideals and a large majority agreed with the case for reform.
- Although the majority agreed with the aim of ensuring that all deprived pupils get the same level of funding, a sizeable minority felt that additional factors should be taken into consideration. Some consider eligibility for free school meals to be too inaccurate an indicator of deprivation. There was strong support for reforming the underlying formula.
- There is strong support for some local flexibility, though a quarter of respondents supported a purely national formula. A majority thought that there should be some limit to the amount of local flexibility and that arrangements should be transparent. There was considerable support for the local authorities continuing to work with schools forums to agree the distribution of funding to schools. Nearly 50% thought that Academies and Free Schools should be funded taking local decisions into account, though a large minority (40%) felt it should be through a national formula.
- The majority of respondents felt that local authorities should remain responsible for funding SEN support services and for managing wider SEN funding. The majority also felt there should be a more consistent approach to funding SEN pre- and post-16.
- Most respondents felt that the early years single funding formula is new and should be given time to develop before any significant changes are made to early years funding. However, there was a feeling in some cases that local formulae were overly complex. The majority felt that retaining local flexibility in early years funding is very important. There was a mixed response to how the total amount for early years education should be identified from within the DSG.
- A large majority thought that a new formula should reflect school characteristics, with small schools in particular needing protection. The main factors related to premises and area costs. There was considerable debate on the balance between simplicity and complexity in the new formula, with the general view being that fairness was more important than simplicity.
- Most respondents felt that the level of change in budget a school could manage depended on individual circumstances, and that stability was an important factor. Most suggested that schools needed at least a year to plan for changes and that they would need transitional protection. The most common response to the question about the right time to start moving towards a fair funding formula was 2012-13 (just under half) but a majority wanted later or were not sure.

Summary of Consultation responses

(NB – in some case percentages may add up to 99% or 101% due to rounding)

Consultation Questions

1 Do you agree with the stated characteristics of an ideal school funding system? (Section 2)

There were 475 responses to this question.

	All	Some	None	Not Sure
School	110	98	0	4
Schools Forum	21	23	0	0
Governor Association	11	11	0	0
Teacher	8	5	0	1
Local Authority Group	7	5	0	0
Individual Local Authority	36	47	0	1
Teacher Association	2	2	0	0
Other Trade Union / Professional Body	1	4	0	0
Early Years Setting	0	6	1	1
Campaign Group	1	1	0	0
Parent / Carer	7	9	0	0
Other	28	22	1	1
Total	232	233	2	8
	49%	49%	0%	2%

Nearly all correspondents (98%) agreed with some or all of the stated characteristics of an ideal school funding system. Some respondents raised issues about the balance between a simple and transparent system and one that is able to include the diverse needs of individual schools. Whilst most respondents agreed that transparency should be an aim of a future funding system and recognised the complex nature of the current system, some however felt that it was more important to ensure that the funding system is fit for purpose and able to meet the needs of all children.

Some respondents felt that in order to ensure that the individual circumstances of schools are taken into account, the system should retain flexibility for local decision making. It was thought that this would make the ideal funding system more achievable. Many respondents supported the targeting of extra funding to deprived children but some felt that the Free School Meals indicator was not the best measure of deprivation. Some respondents raised a general concern about the ability to deliver change in the funding system in the current financial climate.

2. Are there further characteristics the system should have? (Section 2)

There were 441 responses to this question.

	Yes	No	Not Sure
School	154	14	24
Schools Forum	39	2	3
Governor Association	14	0	4
Teacher	10	2	3
Local Authority Group	10	0	0
Individual Local Authority	77	2	3
Teacher Association	3	0	0
Other Trade Union / Professional Body	5	0	0
Early Years Setting	2	2	4
Campaign Group	2	0	0
Parent / Carer	11	2	3
Other	37	2	7
Total	364	26	51
	83%	6%	12%

Most respondents thought that the system should reflect other characteristics. Many respondents emphasised the need for stability in funding to help schools plan ahead. Some called for the setting of 3 year budgets but others stressed the need for budgets to be flexible and responsive depending on the schools circumstances. Some suggested in-year adjustments to cater for influxes of pupils and the distribution of funding based on a termly, rather than annual, census.

As in Question 1, the importance of local flexibility and the need for a funding system to be able to cater for local circumstances was highlighted. There were suggestions that the formula should: address issues for rural areas (particularly for small schools); reflect teacher salaries more directly; and consider the physical state of the school buildings. Some respondents thought that a formula ought to be more responsive to school rather than individual pupil characteristics but others stressed the need to reflect pupil factors such as deprivation, social mobility, pupil outcomes and child poverty. Many respondents highlighted the need to ensure that children with special educational needs were properly provided for and some respondents thought that local authorities are best placed to do this.

It was also suggested that the rationale for any weighting within the formula which affects the distribution of funding such as age weighting should be properly explained as part of the drive for transparency.

3. Do you agree with the analysis of how the current system falls short of these aims? (Section 3)

There were 463 responses to this question.

	Yes	No	Not Sure
School	151	40	17
Schools Forum	23	8	11
Governor Association	16	4	2
Teacher	9	3	1
Local Authority Group	10	2	0
Individual Local Authority	43	20	19
Teacher Association	3	1	0
Other Trade Union / Professional Body	3	1	1
Early Years Setting	4	1	4
Campaign Group	2	0	0
Parent / Carer	13	1	2
Other	38	5	5
Total	315	86	62
	68%	19%	13%

The majority of respondents to this question agreed with the analysis of how the current system falls short of the stated aims. The complexity of the current system and the system not being relevant to current needs were particular issues raised. Some of those responding suggested that the Minimum Funding Guarantee and the issues around grants for Ministerial priorities had been particularly unhelpful in ensuring that schools received the correct levels of funding.

Some respondents considered that the Dedicated Schools Grant methodology needs review but that the local authority formula element of the system is fit for purpose, particularly given the Schools Forum role in reviewing the formula to ensure that it is meeting local needs. Other respondents reiterated that it may be necessary to have a more complex formula in order to allow for local circumstances.

A number of respondents raised the need to review the Area Cost Adjustment.

4. Do you agree with the case for reforming the system?

There were 473 responses to this question.

	Yes	No	Not Sure
School	171	21	19
Schools Forum	31	6	6
Governor Association	18	4	2
Teacher	10	1	3
Local Authority Group	10	2	0
Individual Local Authority	59	8	15
Teacher Association	3	1	0
Other Trade Union / Professional Body	4	0	1
Early Years Setting	7	1	1
Campaign Group	2	0	0
Parent / Carer	17	1	1
Other	45	1	2
Total	377	46	50
	80%	10%	11%

The vast majority of respondents agreed with the case for reforming the system with some stating that the need for reform was urgent. Others said that, whilst they agreed that the system is in need of reform, the transition period will need to be managed carefully to ensure that schools do not suffer too much turbulence to their budgets. Respondents felt that the current differential levels of funding between similar schools are unfair and unjustified.

Some respondents raised a concern about moving towards a national funding formula and were keen to retain local flexibility. Whilst there was a lot of support for increasing the transparency of the system, some respondents stated that over-simplifying the system is not the best solution and may result in needs not being reflected at a local level.

There was recognition by some respondents that the system needs updating due to the growth in school provision e.g. Academies and Free Schools.

A small minority of respondents did not think that the system needed reform but did think that it should be updated to reflect the current circumstances of schools and local authorities.

5. Do you agree that the aim of ensuring all deprived pupils get the same level of funding no matter where they live is the right one? (Section 4)

There were 480 responses to this question.

	Yes	No	Not Sure
School	142	51	16
Schools Forum	15	23	7
Governor Association	17	7	0
Teacher	11	4	0
Local Authority Group	1	8	2
Individual Local Authority	20	50	13
Teacher Association	2	1	1
Other Trade Union / Professional Body	2	3	1
Early Years Setting	8	1	0
Campaign Group	1	1	0
Parent / Carer	17	1	0
Other	31	10	13
Total	267	160	53
	56%	33%	11%

The majority of respondents supported this aim and welcomed the specific targeting of funding through the pupil premium. In some cases this support has been qualified and in other cases the aim has been opposed on the grounds that:

- Priority should be given to providing equality of opportunity for deprived pupils, which may not equate with providing the same level of funding.
- FSM eligibility is not an adequate indicator of deprivation. Some suggest it should be linked with or replaced by other indicators such as the Index of Multiple Deprivation (IMD).
- The Premium should to reflect other factors such as:
 - i. Area cost differences in the cost of provision;
 - ii. Education as an Additional Language and SEN needs;
 - iii. The needs of mobile pupils or those affected by asylum issues
 - iv. Differences in the cost of provision between primary and secondary sectors;
 - v. Deprivation in rural areas

Calls for a clearer analysis of the needs of deprived pupils were made, with the suggestion that more support should be given to pupils in areas of high deprivation. Reflecting school level characteristics or banding the premium could help address this. The need to link Premium funding more closely to wider deprivation funding was made and for it to be extended to early years. It was also suggested that there should be greater accountability on the use of the premium to ensure that it is used for its intended purpose.

6. Do you agree the underlying funding formula needs to change to meet this aim more quickly and effectively?

There were 469 responses to this question.

	Yes	No	Not Sure
School	141	36	33
Schools Forum	20	11	11
Governor Association	15	5	3
Teacher	11	2	1
Local Authority Group	6	4	1
Individual Local Authority	37	26	18
Teacher Association	3	0	0
Other Trade Union / Professional Body	4	0	1
Early Years Setting	5	0	4
Campaign Group	1	0	1
Parent / Carer	15	0	2
Other	36	4	12
Total	294	88	87
	63%	19%	19%

There was strong support for reforming the underlying funding formula which was seen to be out of date and not able to reflect current needs accurately. Many of those who supported reform have made the case that:

- School forums and local authorities should continue to have flexibility to adjust funding to reflect local circumstances;
- There should be strong protection arrangements to limit changes as the new formula is implemented; and
- There should be equity in funding between Academy and local authority maintained schools.

In terms of how the formula might operate it was also suggested that:

- There should be more recognition given to the general costs of educating children through the basic entitlement, which is currently too low;
- There should be a clearer definition of deprivation, with consideration being given to issues around multiple deprivation, prior attainment; EAL, mobility and SEN factors, and the additional challenges faced by schools in high deprivation areas; and
- There should be a better assessment of the interventions known to improve outcomes and better targeting of funding towards them.

Those opposed to funding reform have been mainly opposed to a national funding formula that offered no local flexibility to amend funding.

7. Do you think the school funding system should be based on a purely national formula? Or should there be flexibility for local decisions about funding levels? (Section 5)

There were 484 responses to this question.

	Purely National	Some local flexibility	A lot of local flexibility	Not Sure
School	76	77	54	8
Schools Forum	4	14	23	4
Governor Association	5	11	7	0
Teacher	3	8	4	0
Local Authority Group	0	5	6	0
Individual Local Authority	1	27	55	1
Teacher Association	2	0	2	0
Other Trade Union / Professional Body	0	6	0	0
Early Years Setting	4	2	4	0
Campaign Group	1	0	1	0
Parent / Carer	4	10	3	1
Other	19	22	5	5
Total	119	182	164	19
	25%	38%	34%	4%

Just over 70% of respondents thought that there needed to be at least some degree of flexibility for local authorities in any new funding arrangement. They also suggested that there should be clear guidelines on the extent of this flexibility.

Supporters of greater local flexibility argued that decisions should be made by local representatives who have a better understanding of local contexts and needs. They also argued that there are circumstances which require local discretion, such as issues relating to rural and small schools; managing infant class sizes; SEN; and high rates of mobile children (particularly those from service families). There were particular concerns around the distribution of SEN funding in mainstream schools as it was unclear whether a purely national funding formula would be able to pick up specific local need.

There were also strong (albeit fewer) arguments for a purely national formula, with suggestions that any degree of local flexibility would perpetuate the weaknesses of the current system and lead to similar inconsistencies across the country. It was suggested that locally determined allocations would undermine the principle of autonomy for Academies, though it was also recognised that this is how the current system operates.

8. If so, should that flexibility be limited, and if so how? (Section 5)

There were 407 responses to this question.

	Yes	No	Not Sure
School	95	37	37
Schools Forum	19	18	5
Governor Association	9	6	5
Teacher	8	4	2
Local Authority Group	3	7	0
Individual Local Authority	21	47	14
Teacher Association	1	0	1
Other Trade Union / Professional Body	4	1	0
Early Years Setting	5	2	1
Campaign Group	1	1	0
Parent / Carer	5	3	7
Other	23	4	11
Total	194	130	83
	48%	32%	20%

Just under half of respondents but well over half of schools thought that local flexibility should be limited. Just under a third of all respondees but well over a half of local authorities responding were against any such action.

Suggestions for how to limit flexibility included:

- Using the Schools Forum to endorse and approve local formulae;
- Publishing clear guidelines on the areas of local authority intervention and where the limits are; and
- Setting a percentage cap to limit the amount of money which local authorities can use flexibly.

9. If there is local flexibility, what should the roles of local authorities, schools and the Schools Forum be in decision making? (Sections 5 and 6)

There was strong support for local authorities and Schools Forums to work together to agree a fair distribution of funding to schools.

Other responses included:

- The view that the current situation worked well in certain circumstances and that Schools Forums should continue as they provide an accountable and democratic process for schools and the public.
- That Schools Forums should have greater decision making powers and a clearer remit. Some respondents thought that decisions on the distribution of funding to schools should rest with the Schools Forum rather than the local authority. It was suggested that Schools Forums might be given a wider remit to simplify local formulae within consistent guidelines and to challenge more complex or unusual formula factors.
- The view that Schools Forums are actually too powerful and that this could result in 'self interest'. There were particular concerns about the ability of Schools Forums to affect funding between primary and secondary stages.
- Questions about the future and relevancy of Schools Forums and local decision making in general, particularly with the expansion of the Academies programme. Some respondents questioned whether local decision making could or should continue as local decisions would affect funding between maintained schools and Academies.
- A view among a small number of respondents that there should not be a role for either local authorities or Schools Forums and that a National Funding Formula is the right approach.

10. If there is local flexibility for maintained schools, how should Academies and Free Schools be funded? (Section 5)

There were 433 responses to this question.

	Through the fair funding formula	Taking into account local decisions	Not Sure
School	91	77	20
Schools Forum	9	34	1
Governor Association	12	7	4
Teacher	4	6	3
Local Authority Group	2	5	2
Individual Local Authority	18	56	8
Teacher Association	3	1	0
Other Trade Union / Professional Body	0	5	0
Early Years Setting	2	2	3
Campaign Group	1	0	1
Parent / Carer	8	5	2
Other	22	14	5
Total	172	212	49
	40%	49%	11%

Neither of the options for calculating Academy and Free School budgets received overwhelming support but there was slightly more support for the option that takes into account local decisions. A small majority of schools supported the fair funding formula but over two-thirds of local authorities thought that local decisions should be taken into account. The issue of fairness in funding was a major concern with some respondents suggesting that, to ensure a fair funding system, all types of schools must be funded on the same basis. It was argued that, if Academies have a different funding system that has no reference to the local system, then funding differentials will develop. The worry is that this will distort local school markets and potentially create a two tier system, impacting on educational outcomes.

There was wide support of the Government's aim that Academies and Free Schools should gain neither financial advantage nor disadvantage over maintained schools. However, there was concern that a separate system for funding Academies might create a financial advantage for Academies, to the detriment of maintained schools.

The role of Schools Forums was seen by some as a solution to ensuring that local decisions are representative and consensual. Academies should be encouraged to be represented on Schools Forums, where not already involved, to ensure that the local area, as a whole, is delivering a high quality education service. This would help ensure that Academies play a role in the local decision making process.

Some respondents thought that Academies should be funded according to the national formula, without being influenced by local decisions, as any inclusion of local decision making would undermine the autonomy and independence of Academies.

11. How do you think SEN support services might be funded so that schools, Academies, Free Schools and other education providers have access to high quality SEN support services? (Section 7)

Local authorities	44.5%
Regional/ community/ consortium of LAs	2.3%
Fund schools directly	7.5%
Fund academies directly	1.7%
Fund schools but with ringfencing	1.7%
Fund schools but require buy back	4.0%
Through government/ national formula	12.1%
Pay special schools or VCS to provide	0.9%
Via banded funding or individual pupil needs	8.3%
Not sure but general message about importance	17.0%

There was strong support for local authorities to retain responsibility for the funding of SEN support services, with concern that if this is passported to schools there is a risk that the quality and expertise in a wide range of areas will be lost. It was thought that this might result in some services becoming inaccessible to some pupils and ultimately the system failing to meet needs of some pupils with SEN.

A smaller number of respondents support the direct funding of schools although some respondents qualified this by suggesting the requirement to buy back services and / or to ensure that support services funding was ring fenced. The possibility of funding, SEN support services through a national formula was also supported by 12% of respondents although some respondents thought it would be difficult to devise a formula that could adequately reflect the random distribution of children with low incidence SEN.

12. How do you think a national banded funding framework for children and young people with SEN or who are disabled could improve the transparency of funding decisions to parents while continuing to allow for local flexibility? (Section 7)

Many respondents felt unable to comment specifically on this question, as they wanted more detail about what a national banded funding framework would look like. However, the majority of respondents, around 75%, did think that any funding system for SEN should be managed at local authority level. There was general support for a national approach, which many saw as leading to increased transparency and consistency, but with the view that local flexibility and management was needed. The role of Schools Forum in decisions about the level of budgets and the type of funding arrangements was also emphasised by many respondents.

Around 15% of respondents felt that all SEN resources ought to be provided directly to schools, with some comments that where this happened, this budget should be ringfenced. There were a few respondents who advocated sums of SEN resources being delegated to groups, or communities, or schools for them to manage entirely. A smaller proportion felt that Academies should be separately funded for SEN, with a larger proportion raising concerns about the impact of different ways of funding SEN in different types of schools, the view being that funding for children with SEN should be the same regardless of the type of school.

A few respondents raised concerns about the current overall levels of SEN funding, feeling that the total 'pot' needs to be increased before introducing a national approach.

13. How can the different funding arrangements for specialist provision for young people pre-16 and post-16 be aligned more effectively to provide a more consistent approach to support for children and young people with SEN or who are disabled from birth to 25? (Section 7)

A large proportion of respondents (around 35%) felt unable to comment - either through lack of experience of the different funding arrangements, or that the area was too broad to add comments. The majority of respondents agreed that there should be a more consistent approach to pre and post 16 funding. However, for alignment to be effective there needs to be clear funding streams between education, health and social care.

There was support for core funding formula provision plus added funding bands pre- and post-16, but differing views on how this should be delivered - either nationally, regionally or locally through pooled budgets. A smaller proportion supported using the current pre-16 system for post-16, and that all SEN funding should be funded through the local authority.

A small number of respondents felt that age should not be considered, rather the individual needs of the child and that there should be a nationally allocated funding to follow the child 0-25.

14. How successfully has the EYSFF been implemented? How might it be improved? (Section 8)

There were 372 responses to this question.

	Very	Fairly	A Little	Not at All	Not Sure
School	40	26	18	2	56
Schools Forum	17	12	5	1	7
Governor Association	5	3	1	0	3
Teacher	0	3	2	0	4
Local Authority Group	6	2	0	1	1
Individual Local Authority	38	27	2	1	16
Teacher Association	0	2	0	0	1
Other Trade Union / Professional Body	0	1	3	0	2
Early Years Setting	1	3	3	6	0
Campaign Group	0	1	0	0	1
Parent / Carer	1	3	0	0	10
Other	3	11	4	1	16
Total	111	94	38	12	117
	30%	25%	10%	3%	31%

Most respondents felt that the early years single funding formula is new and should be given time to develop before any significant changes are made to early years funding. A large number of local authorities only implemented their funding formula from April 2011. This accounts for a high percentage of respondents answering 'not sure' to the question of how successful the EYSFF has been. Respondents felt it was too early to gauge the success of the EYSFF. It was recognised that introducing the EYSFF was difficult in many areas but had taken time and effort to reach this stage and therefore the Government needs to give it time to establish before any significant changes are made.

There was also a general acceptance that there was perhaps too much inconsistency, in funding rates for example, but that a national funding rate was not generally accepted as the best way forward. There was a strong view that the primary issue to be resolved is between the rates local authorities are setting and the costs of delivering early education. Funding of supplements has generally been low and thought to act as little incentive to providers.

15. How important is an element of local flexibility in free early education funding? What might alternative approaches look like? (Section 8)

There were 388 responses to this question.

	Very	Fairly	A Little	Not at all	Not Sure
School	70	17	14	13	38
Schools Forum	32	5	3	2	1
Governor Association	9	2	0	2	2
Teacher	2	4	2	0	1
Local Authority Group	8	1	1	1	0
Individual Local Authority	62	15	2	1	3
Teacher Association	1	1	0	0	1
Other Trade Union / Professional Body	2	2	1	0	0
Early Years Setting	5	2	2	5	0
Campaign Group	0	0	1	0	0
Parent / Carer	7	3	1	3	2
Other	6	12	5	5	8
Total	204	64	32	32	56
	53%	16%	8%	8%	14%

The majority of respondents agreed that retaining local flexibility in free early education funding was very important. It was felt by many that any move away from a locally agreed EYSFF at this stage would be premature and create unnecessary turbulence and uncertainty. Those in favour of local flexibility argued that local authorities should have control over the way in which provision is funded locally in order to deliver fairness and transparency. Many felt a nationally imposed system would be inflexible and struggle to support local circumstances given the different balance between maintained and PVI provision in different local areas. Local flexibility was thought to be a key characteristic of any future system for funding early years providers.

16. How should we identify the total amount of funding for early years and free early education for three year olds and four year olds not in reception from within the overall amount of 3-16 funding? (Section 8)

There was more of a mixed response to this question. Some groups voiced concerns that money that was earmarked for early years was not always reaching providers and that Schools Forums were challenging environments— particularly for PVI voices to be heard. Some support was shown for two year old funding to be merged into the DSG in the future. It was felt it made sense to have two, three and four year old funding coming from the same pot for consistency and administrative reasons. While some supported the ring fencing of early years funding others were unsupportive, arguing that any ring fencing of funding could create anomalies at local levels given the various and complex inter-relationship of early years provision and school provision. Such groups argued that local authorities were best placed to understand and account for such inter-relationships due to their local knowledge and commissioning responsibility.

17. Should the formula include only pupil led factors or also school led factors? (Section 9)

There were 453 responses to this question.

	Only pupil-led factors	Include school-led factors	Not Sure
School	36	154	8
Schools Forum	3	35	2
Governor Association	3	14	4
Teacher	1	12	1
Local Authority Group	1	10	0
Individual Local Authority	3	75	4
Teacher Association	2	2	0
Other Trade Union / Professional Body	1	4	0
Early Years Setting	3	3	3
Campaign Group	0	2	0
Parent / Carer	3	13	3
Other	10	35	3
Total	66	359	28
	15%	79%	6%

Over three quarters of respondents agreed that a new formula should include factors reflecting school characteristics. It was felt that a delicate balance needed to be struck in order to take account of specific circumstances and to minimise turbulence to individual school's budgets.

There was a strong feeling that small schools, in particular, needed to be recognised and protected, especially in towns and villages where there is little or no economy. In addition, a number of respondents felt that Area Cost Adjustments should also be taken into account in a new formula.

However, a few respondents felt that funding should be based on the pupil – and not the setting, and that a combination of both pupil and school level factors would complicate the formula.

18. What factors should be included? (Section 9)

Responses to this question were varied but there was significant support for two main types of factors:

- Premises related – with strong support for the needs of small schools to be reflected (particularly those in rural areas). Also factors reflecting schools on split-sites; floor space; and the age and condition of schools were supported; and
- Local demographics - to reflect the circumstances of individual pupils and local communities. In particular, there was widespread support for a new formula to acknowledge the differences in costs in different areas (particularly in relation to staff and teacher pay). Others however felt that, as teachers' pay is determined at a national level, it is not necessary to include an Area Cost Adjustment.

The need to reflect deprivation was raised, where indicators other than FSM were suggested such as linking funding to unemployment rates. The need to reflect English as an Additional Language; pupil mobility rates; support for under-performing ethnic groups; and support for gifted and talented pupils were also raised.

Finally, some thought it important to acknowledge other areas of spend such as the cost of high quality broadband connectivity; transport (not home to school but to access activities such as swimming pools); the provision of extended services; and rewards and incentives for improving schools.

19. What is the right balance between simplicity and complexity? (Section 9)

There was more support for any new formula to be fair, support the needs of pupils, be effective and fit for purpose than for it to be simple. It was also thought that any new formula needs to support a range of provision. It was suggested that a new formula should be “complex enough to be fair, simple enough to work”. The key was to ensure that all necessary factors be included in the formula regardless of the ultimate level of complexity.

Some have called for a simpler system with any necessary complexities being picked up through local funding formulae. Some made a distinction between simple and simplistic – if a model is too simplistic it will be less accurate, and unfair. Some acknowledged that a simple system may not be possible if it is to be fair. Many respondents said that even a complex formula could still be clear and understandable. Some said that schools should be able to understand the new formula, and outcomes from it should be predictable - so that changes in schools produced predictable changes in funding. Some suggested providing a ready reckoner or spreadsheet to help. Some said the priority is not for all parents to understand the formula, as most will be more interested in attainment rather than the level of funding. Some felt, however, that parents should be able to understand the formula, or at least it should be simple enough for schools to be able to explain it to parents.

20. What level of change in budgets per year can schools manage? (Section 10)

Many respondents attempted to quantify the percentage change schools should be able to live with per year. The figures ranged from zero to cuts of up to 10% being possible for some schools.

Others thought it would depend on individual school circumstances such as the size of the school and school roll, whether the school is currently well funded or low funded, its current balance or deficit, and the impact on the school of other costs change (e.g. inflation, staff costs). Some said it would be more difficult for schools with sixth forms to handle further cuts as they are already managing reductions in their post-16 budgets.

There is strong support for stability and multi-year budgets so that they can plan for any changes in funding. Many thought the more time schools had to plan for changes the better they would be able to cope. Without sufficient time even increases in budgets could be poorly managed. Many respondents said that floors and ceilings, and / or a Minimum Funding Guarantee, were essential but should not be set at a level that those currently underfunded have to wait a long time for their budget increases to feed through.

21. How much time do schools need to plan for changes in their funding? (Section 10)

There were 469 responses to this question.

	3 months	3 – 6 months	6 – 12 months	More than 1 year	Not Sure
School	6	9	49	143	5
Schools Forum	0	4	9	28	3
Governor Association	1	2	4	14	1
Teacher	1	0	5	8	1
Local Authority Group	0	0	2	5	2
Individual Local Authority	0	4	21	50	6
Teacher Association	0	0	2	1	0
Other Trade Union / Professional Body	0	0	2	3	0
Early Years Setting	0	1	2	5	2
Campaign Group	0	0	1	0	0
Parent / Carer	0	1	6	10	2
Other	1	5	14	24	4
Total	9	26	117	291	26
	2%	6%	25%	62%	6%

Most respondents thought at least a year was needed to plan but said it would depend on the level of change required and the circumstances of the school. For many this assumed a level of transitional protection of around 2% or 3%. For those suggesting less than a year, a call for multi-year budgets was made, to allow stability and more strategic planning. Many suggested that transitional arrangements should operate for a number of years, with 3 years the most commonly mentioned, but some thought that while floors and ceilings needed to be tight in the first year, they could be loosened in subsequent years.

It was stressed that schools' long term expectations need to be set in advance of any change. There is also concern about the ability of schools to manage change, particularly those in financial difficulty, with calls for changes to be phased in slowly. It was suggested that those in difficulty should be offered extra support to plan or make efficiencies. Some considered it more difficult to make changes quickly in secondary schools because of planning time needed for curriculum changes, particularly at GCSE, and class organisation. It was stressed that schools operate on an academic year, which may extend the time to plan for staffing changes. Others however thought that 6 months sufficient to plan for staff changes, arguing that many schools manage change every year. Some called for changes to be made as soon as possible so that schools who are currently underfunded receive fairer funding without delay.

22. When is the right time to start moving towards a fair funding formula? (Section 10)

There were 462 responses to this question.

	2012 - 13	2013 - 14	2014 - 15	2015 - 16	Not Sure
School	95	41	15	17	41
Schools Forum	17	9	1	9	8
Governor Association	13	3	0	2	2
Teacher	7	2	2	1	3
Local Authority Group	1	4	1	3	1
Individual Local Authority	19	27	5	7	21
Teacher Association	3	0	0	0	0
Other Trade Union / Professional Body	1	1	0	1	1
Early Years Setting	7	1	1	1	1
Campaign Group	0	0	0	0	0
Parent / Carer	10	7	1	0	1
Other	26	13	1	2	6
Total	199	108	27	43	85
	43%	23%	6%	9%	18%

Many respondents said that the answer to this question would depend on the level and impact of change. The importance of effective transition and protection arrangements was mentioned by respondents giving different timescales in their answer.

There is strong support for starting the move to a new formula within the next year with some suggesting starting the process in 2012-13 and implementing the new formula from 2013-14. Many have asked for indications, figures, models, a phased start, pilots, or a “shadow” model to run in parallel to the actual settlement. Respondents were keen to ensure that schools had clear expectations of the implications and impact of changes as early as possible. Some highlighted the weakness of the current system in managing the different types of school provision, with the system for funding Academies the area of most concern and most in needs of change.

Many respondents said schools need a longer term approach to funding, and the move to a new formula must not be rushed. Some thought it more important to get the formula right than to react quickly to the current system, and urged caution against imposing more turbulence in school funding. Schools were currently managing reductions in sixth form funding, the mainstreaming of grants into the DSG and a cash flat per pupil settlement and thought it better to wait until a higher Spending Review settlement, to allow more money for transition. Others rejected calls to wait until the economy improves, commenting that there will never be a good or right time to move to a new formula for all schools and that the key was to ensure that the change was properly managed.

23. Have you any further comments?

Most comments in this section have provided further clarification of responses to previous questions. Some suggested that the consultation did not adequately cover some areas of funding, including alternative provision and PRUs; the impact Academies and Free Schools are having on local authority central services budgets and funding for nursery providers. It was also said that there was very little mention of special schools within the consultation.

The importance of timing was stressed with the suggestion that the timescales for implementation of a new funding formula will need to be very carefully considered. Some thought it important to take the time to understand, listen and to recognise the time it will take schools and local authorities to implement changes, particularly around staffing. This is likely to result in a lengthy transition period before full implementation, which may, if not carefully managed, result in false expectations about when changes will be seen in schools

There is concern that the funding position is worsening each year, as the spend plus system becomes increasingly out of date. There has been a campaign from Haringey concerned about the unfairness of the current area cost adjustment for six London boroughs, and concerns expressed over funding in University Technical Colleges.

Others, however, take the view that wholesale change is not necessary, arguing that (excluding standards fund payments) per pupil funding is similar for the vast majority of schools; that there may be legitimate reasons that funding may differ between schools, and that anomalies in the current system can be ironed out without radical change. There were some concerns about how schools are utilising the new pupil premium funding and some suggest that Free School Meals is not the best indicator of deprivation.

There were several issues raised about financial planning in schools, with some support for school funding to move to an academic year basis. It was mentioned that schools will need to plan carefully for the expected increase in the retirement age of teachers which could increase significantly the average cost of teachers in schools. There was concern that small schools could be vulnerable under a new formula, but others thought that there needed to be control on this funding to ensure it doesn't result in the operation of small inefficient schools

On the features of a new, fair formula, it was stressed that the system needs to be transparent, easy to understand and explain and be clear about where the relevant funding responsibilities lie. This was particularly important in clarifying the split of the school and non school elements of the Individual Schools Budget (ISB), with calls for as much ISB funding as possible to be allocated to schools through a national formula, thereby limiting the amount of ISB funding allocated to schools through local factors.

There was support for the proposal to fund schools for one year at their current level, whilst giving them an indicative budget showing what they could expect to receive under the new system and what transitional funding would be available. It was also suggested that there must be a block sum to cover fixed costs which are similar for all schools, that reserves will be needed if there is no safety net. Some suggest that the MFG should be abolished, as well as Infant Class Size Regulations. There was concern that either the national formula will have too many factors, and therefore become far too

complex; or too few factors resulting in a system that does not meet the needs of individual schools. There was also concern over school PFI deficits.

Some suggested that the system of funding schools is less important in raising attainment or closing the gap in attainment than such issues as the quality of leadership both in schools and in the LA, positive parenting and engendering high aspirations for children from an early age.

Other issues raised included concerns over sixth form funding, the extent of using revenue funding to repair buildings, the issue of redundancy costs and the variation in employer's contribution rate to the Local Government Pension Scheme (LGPS). There was the suggestion that funding should be the same for all pupils – primary and secondary – and that giving higher funding to primaries, therefore enabling more early intervention, would reduce problems at secondary level.

Next Steps

On 19 July 2011 the government published the *Consultation on school funding reform: proposals for a fairer system*. This is the 2nd stage of consulting on reform of the funding system. The responses to the 1st consultation on the rationale and principles of reform showed that there is overwhelming support for reforming the system.

The current “spend-plus” funding system is opaque, full of anomalies and unfair. Our aim is to create a funding system which is fair, transparent and able to support a diverse range of school provision. This 2nd consultation sets out detailed proposals for creating a fairer funding system and consults on the timescales for reform.

Responses to the consultation are required by 11th October. The consultation can be found on the Department’s econsultation website at:
<http://www.education.gov.uk/consultations/>

Organisations responding to the Consultation

Abbotskerswell Primary
Abraham Moss High School
Alexandra Primary School
All Saints C of E Primary School
Almondsbury CE Primary School
Anchorsholme Primary School
Archbishop Courtenay Primary School
ARK Schools
ASCL
Ashbury Meadow Primary School
Ashcott Primary School
Association of Colleges
Association of Educational Psychologists
ATL
Aylesbury Grammar School
Baker Dearing Trust
Barnsley MBC
Bath and North East Somerset Council
Beacon Hill School
Beatrix Potter School
Bedford Borough Council
Bedford Borough Schools Forum
Beer C of E Primary School
Beths Grammar School
Bideford College
Birkdale High School
Birmingham City Council
Bishop Wordsworth's school
Blackpool Council
Board of Deputies of British Jews
Bognor Regis Nursery School and Children's Centre
Bohunt School
Bolton Schools, Schools Forum and Local Authority
Borough of Poole
Boskenwyn CP School
Botley CofE Primary School
Bourne Grammar School
Bovington First School
Bradford LA and Schools Forum
Bradford Under Fives Association
Bradley Stoke Community School
Branscombe CE Primary School
Branscombe Primary School

Breage Church of England (VA) School
Brecknock Primary
Bridge School
Bridgemaury Community Sports College
Bright Horizons Family Solutions Ltd
Brighton & Hove City Council
Bristol Cathedral Choir School
Bristol City Council
Brize Norton Primary School
Broadhembury Church of England Primary School
Broadmeadow Special School
Buckinghamshire County Council
Burnage Media Arts College
Burrowmoor School
Bury Council and Schools Forum
Calderdale Metropolitan Borough Council
Cambridgeshire County Council
Cambridgeshire Schools Forum
Camden School for Girls
Cartmel Priory C of E School
Castleton Primary School
Challney High School for Boys and Community College
Chartered Institute of Public Finance & Accountancy (CIPFA)
Cheddar First School
Chelmsford County High School for Girls
Chelsfield Primary School
Cheshire West and Chester Schools Forum
Cheshire West Association of Secondary Heads
Chesterton Community college
Chichester Nursery School, Children and Family Centre
Children England
Christ Church School
Churston Ferrers Grammar School
City of London Academy (Southwark)
City of York Council
Coalbrookdale and Ironbridge CE Primary School
Coombeshead College
Coopers Technology College
Cornwall Council
County Council Network
Coventry City Council
Coventry Schools Forum
Cranham Primary School
Cranmere Primary School
Crofton Early Learners
Cromwell Community College
Crossways Infant School
Croydon Schools Forum

Curry Mallet Primary School
Dartford Grammar School for Girls
Daycare Trust
Denbigh High
Derbyshire Schools Forum
Devon Association of Governors
Devon County Council
Devonport High School for Boys
Devonshire Hill Primary
Devoran School
Didsbury CE School
Diocese of Exeter
Dorset County Council
Dorset County Council Schools Forum
Dr Challoner's Grammar School
Dr Challoner's High School
Draycott and Rodney Stoke C of E First School
Dudley MBC
Dunraven School
Durham County Council Schools Forum
Eardley School
Early Education
East Riding of Yorkshire Council
East Sussex CC
Edith Neville School
Eleanor Palmer School
EPCHS
Essex County Council
F40
Fairlands Middle School
Farnham Heath End School
Federation of Pine Ridge and Lorraine Schools
Feniton Church of England Primary School
Ferry Lane Primary School
First Federation
Flookburgh CE Primary School
Forest Hill School
Foundation, Aided Schools and Academies National Association (FASNA)
Foxhills Junior
Francis Combe Academy
Gateshead Council
GLA
Gloucester High School for Girls
Gloucestershire County Council and Schools Forum
Gordonbrock School
Grammar School Heads Association
Grange Park Primary School
Great Crosby Catholic Primary School

Great Rissington School
Grieg City Academy
Guillemont Junior School
Hall Cross School
Hampshire County Council
Hampshire Schools Forum
Hampstead School
Haringey Teachers Association (NUT)
Harrow Council
Hartlepool Borough Council
Havelock Academy
Hawley School
HEASIG
Heatherside Infants
Heckmondwike Grammar School
Herefordshire Council
Hertfordshire County Council
High Bickington C of E Primary School
High Tunstall College of Science
Hillingdon Schools Forum
Holsworthy Community College
Holy Trinity Primary
Hope Valley College
Hulbert Junior School
Hull City Council
Hull Schools' Forum
Ipsley CE Middle School
Islington SF
ISM
John O'Gaunt School
Kentish Town Primary
King Edward VI Community College
King James's School
Kings School Winchester
Kingsacre Primary School
Kingsbridge Community College
Kingsbury Primary Special School
Kingston upon Thames Schools Forum
Kirklees LA Schools Forum
Knowsley MBC
Laleham C of E Primary School
Lancashire County Council
Lancashire Schools Forum
Lancaster Royal Grammar School
Langtree Community School
Lanterns Nursery School
LASGB
Lavington School

Leeds Schools Forum
Leicester City Council
Leicestershire CC
Leicestershire County Council
Lewisham Schools Forum
LGA and ADCS
Lincolnshire CC
Lingfield Primary School
Liss Junior School
Littleham CofE Primary School
Littletown Primary School
Liverpool City Council
Liverpool Schools Forum
London Borough of Bromley
London Borough of Barnet
London Borough of Bexley
London Borough of Camden
London Borough of Croydon
London Borough of Ealing
London Borough of Enfield
London Borough of Hammersmith and Fulham Schools Forum
London Borough of Haringey
London Borough of Havering
London Borough of Hillingdon – Free Entitlement Reform Group (FERG)
London Borough of Islington
London Borough of Lambeth
London Borough of Newham
London Borough of Redbridge
London Borough of Richmond upon Thames
London Borough of Waltham Forest & Schools Forum
London Council and ALDCS
London School of Economics and Political Science
Long Ditton Infant and Nursery School
Ludworth Primary school
Lunsford Primary School
Lydford Primary School
Macmillan Academy
Manchester City Council
Manchester Governors Association
Manchester Schools Forum
Marden Lodge Primary School
Marine Academy Plymouth
Marshfield VE VC Primary
Marwood School
Meadowpark
Medstead C of E Primary School
Medway Council
Merton Conservative Group

Merton LB and SF
Middlesbrough Schools Forum
Milton Keynes Council
Montessori Schools Association
Morchard Bishop CE Primary School
Mount Gilbert School
NALDIC
NASS
NASUWT
National Association for Primary Education
National Association of Head Teachers
National Childminding Association
National Day Nurseries Association
National Deaf Children's Society
National Governors' Association
NC14 - 19EE
Netley Primary
Newcastle SF
Norbury Hall Primary School Governing Body
Norfolk County Council
Norfolk Schools Forum
North East Lincolnshire Council
North Essex Schools Consortium
North Lincolnshire Council
North Somerset Council
North Tyneside Council
North Tyneside Schools Forum
North Yorkshire County Council
Northamptonshire County Council
Northamptonshire Primary and Nursery Heads Consultative Group
Northiam CE Primary
Northlew Primary School
Northumberland County Council
Norto5 KIDZ
Nottingham City Council
Nottinghamshire County Council
NUT
Oak Farm Community School
Oakwood Nursery Schools Ltd
Oakwood Park Grammar School
Oakwood Technology College
Onn Target Ltd
Onslow Infant School
Oxfordshire County Council
Oxfordshire Schools Forum
Parklanes Wykeham Childcare Ltd.
Parkside Federation
Parliament Hill School

Pauntley Primary School
Payhembury C of E Primary School
Peterborough City Council
Peterborough Schools Forum
Phoenix School
Pilton Community College
Plymouth City Council
Polly Anna's Nursery
Poole Grammar School
Priory Community School
Queen's Croft High School
Rachel Madocks School
Ravenscote Community Junior School
Reading Schools Forum
Redcar and Cleveland Council
Ripon Grammar School
Rochdale MBC
Rokesly Infants School
Rotherham MBC
Royal Borough of Kensington and Chelsea
Royal Free Hospital School
Rugby High School
Rutland Schools Forum
Sandwell MBC
Save the Children
School Food Trust
Seaton Carew Nursery School
Secondary Behaviour Support Service (Stockport)
Settlebeck High School
Seven Sisters Primary School
Shakespeare Junior School
Sheffield City Council
Sheldon School
Shortwood Primary School
Shropshire Schools Forum
SIGOMA
Simon Langton School for Boys
Sithney C P School
Skinners' Kent Academy
Skinners School
Society of County Treasurers
Society of London Treasurers
Solihull Schools Forum
Somerset County Council Schools Forum
South Camden Community School
South Gloucestershire Council
South Gloucestershire Council Schools Forum
South Molton Community College

South Tyneside Council
Southampton City Council
Southend-on-Sea Borough Council
Southwark Schools Forum
Sowerby Bridge High School
Special Education Consortium
Specialist Schools and Academies Trust (SSAT)
Spodne School
St Aloysius School
St Anthony's Catholic Primary School
St Bede's Inter Church School
St Edmund's Catholic School
St George's CE First School
St Helen's Council
St Hild's Church of England School
St Joseph's RC Primary
St Joseph's School
St Margaret's C of E VA Junior School
St Mary's Primary (Camden)
St Marychurch CE Primary and Nursery School
St Mary's Catholic College
St Mary's Catholic Primary School, Evesham
St Mary's CE Middle School
St Mary's CE Primary (Skelmanthorpe)
St Mary's CE Primary School (Salford)
St Mary's Hare Park School
St Mary's School
St Matthew's C of E Primary
St Matthew's RC High School
St Peter's Eaton Square Primary
St Peter's CE Primary School
St Thomas Infant school
St Thomas More School
Staffordshire County Council
Stepgates Community School
Stockport Schools forum
Stockton-on-Tees Borough Council
Stockton-on-Tees Schools Forum
Stoke on Trent City Council & Schools Forum
Studham CE VC Lower School
Stukeley Meadows Primary School
Suffolk County Council & Schools Forum
Sunderland City Council & Schools Forum
Sunny Brow Nursery School
Surrey County Council
Surrey Primary Headteachers' Phase Council
Sutherland B&E College
Sutton VA School

Swavesey Village College
Swell & Longborough CE Primary Schools (Federated)
Swimbridge Primary School
Swindon Borough Council
Telford & Wrekin Council and Schools Forum
Terrington St Clement Community School
Thames Ditton Infant School
The Arthur Terry School
The Boswells School
The BRIT School
The Chandler School
The de Ferrers Academy
The Douay Martyrs
The Dyslexia-SpLD Trust
The Elmgreen School
The Federation of Music Services
The Hermitage School
The JCB Academy
The Marsh Academy
The Mirfield Free Grammar and Sixth Form
The Priory Federation of Academies
The Ridings Federation of Academies
The Thomas Deacon Academy
Thryberg School & Sports College
Thurrock Council
Tibberton CE Primary School
Tigglets Montessori Nursery School
Toot Hill School
Torbay Schools Forum
Torquay Boys' Grammar School
Torquay Girls' Grammar School
Tower Hamlets School Forum
Tracks Autism
Tunbridge Wells Grammar School for Boys
Tupton Hall School
Under Fives Roundabout preschool
Unison
United Learning Trust
Valley Gardens School
Voice
Wakefield MD Council & Schools Forum
Walsall Council
Walton High School
Wandsworth Borough Council
Wandsworth Primary Heads
Warren Road Primary School
Warrington BC
Warrington Schools Forum

Weare Academy First School
West Berkshire Council
West Bridgeford School
West Hill Primary School
West Lancashire Community High School
West Monkton CE Primary School
West Sussex Council
Westcliffe High School for Boys
Westminster City Council
Weston Park Primary
Westrop Primary School
Weyford Junior School
Whitchurch C of E Primary School
Wickersley School & Sports College
Wigan Council
Wiltshire Council & Schools Forum
Wimbledon Park Governors
Wimbledon Park Primary School
Wirral Grammar School for Girls
Wirral Schools Forum
Witchford Village College
Withington School Governors
Wokingham Borough Council
Wolverhampton City Council
Woodlands Park Primary school
Woolsery Primary School
Worcestershire county Council
Wyvern School
Yaxham Primary School

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