

Commissioning
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Headteacher, Chair of
Governors and Ward Members;

Please ask for: John Gilbert
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- Bishopstone
- Colebrook Infants
- South Marston
- Chiseldon

Our Ref: SH/sparsity

Steve Colledge, Chair of the
Schools Forum

Date: 13 May 2014

Bob Buckley, Chair of SAPH

Dear Sir / Madam

Sparsity Funding

As you may be aware one of the consequences of the DfE school funding reform programme has been that from 2013/14 Local Authorities were compelled to simplify and reduce the number of factors in their local formulas and that only two were mandatory – a basic per pupil entitlement plus deprivation. LAs had to cease the provision of small schools protection funding and a single lump sum value had to be allocated to all mainstream schools regardless of sector or size if LAs chose to use this optional factor. Up until that time the LA's local formula provided different levels of fixed funding which recognised different sized schools and crucially also provided levels of small schools protection funding for schools with fewer than 140 pupils.

Prior to implementing the formula changes the DfE's May 2012 consultation document stated that with regard to lump sum values "a standard rate should be set sufficiently high so that small schools receive adequate funding of approximately £85,000". DfE also stated that "small rural schools can play an important role in local communities and they remain committed to supporting them wherever they represent an efficient use of a local area's funding". DfE were continuing the policy of "presumption against closure" but acknowledged that some schools may need to consider operating more efficiently by for example federating, merging or joining an Academy chain. They stated that it was unfair to allow subsidies to continue to be paid to those schools with a few pupils at a significant cost to schools with the majority of pupils.

The LA's consultation response at that time was that a single lump sum value was somewhat illogical but to comply with the regulations a value of £106,700 (the average at that time) was established. Although this exceeded the DfE guideline level of £85,000 this change still represented funding reductions for those schools which would previously have qualified for small schools protection. The LA was able to provide a degree of protection via the Minimum Funding Guarantee (MFG) scheme which prevents schools from losing more than 1.5% funding per pupil per year. LA guidance to schools at that time was that any school in receipt of MFG must take steps to reduce their spending as MFG would gradually phase out over something like a 10 year period.

Following feedback from Local Authorities, DfE guidance for 2014/15 school funding was, that a further optional sparsity factor could be adopted which was aimed at supporting necessary small schools in rural areas. DfE set a maximum value of £100,000 (to cover all sectors) and strict eligibility criteria which for primary schools was that pupils had to be fewer than 150 and the average distance from the home codes of pupils in school must exceed 2 miles as the crow flies to their next nearest school. Eligibility is determined by DfE based on the October 2013 census and, as summarised below, no Swindon schools were entitled to receive sparsity funding;

School	Does school have fewer than 150 pupils?	Does average distance to next nearest school exceed 2 miles?	Is school eligible for sparsity funding as per DfE?
Bishopstone	Yes (39)	No (1.61 miles)	No
Colebrook Infants	Yes (132)	No (0.53 miles)	No
South Marston	Yes (107)	No (1.34 miles)	No
Chiseldon	No (165)	Yes (2.12 miles)	No

The only option available for the LA would have been to seek exemption to the “as the crow flies” calculation and to use “safe walking distances” which the LA estimated could have applied to Bishopstone and South Marston. Had this been approved by DfE the LA would have been able to provide sparsity funding to these two schools via a locally determined formula but not to Colebrook Infants, Chiseldon or any of the other 10 relatively small Swindon primary schools which had between 151 and 200 pupils and would have benefited from proportionately higher levels of fixed funding under the LA’s old formula.

In line with the views of many other LAs we were left unclear as to whether the introduction of a sparsity factor was therefore appropriate. When modelling indicated that MFG would actually be more financially beneficial to schools in 2014/15 than the LA’s original sparsity factor modelling would have provided, a decision was taken not to apply for “as the crow flies exemption” or to create a sparsity factor. There were views from consultation events that as a predominantly urban area the establishment of a sparsity factor was not intended for Swindon and terminology used by DfE and their own calculations that no Swindon Schools were eligible, appeared to support this.

As reported to the 21st January 2014 Schools Forum, the LA will consider the option of introducing a sparsity factor prior to 2015/16 and will consult with schools on this via SAPH, SASH and the Schools Forum as was the case during 2013. However, as this letter demonstrates, this is a complex area and the LA has welcomed the opportunity of responding to the latest DfE consultation. Attached to this letter is an extract from the LA’s submission relating to sparsity which was produced by Steve Haley, my Head of Finance for Education. This seeks to highlight the apparent anomalies in operating the current sparsity factor and seeks definitive guidance on the scope, purpose and methodology of applying it, including the flaw of calculating distances to the next nearest school if that school is actually full and over-subscribed. This will be presented at the 8th July 2014 Schools Forum by which time the LA is hopeful that a DfE response and more helpful guidance will have been received.

I acknowledge that this is a significant, complex matter and a cause for concern for all our smaller schools. Given that no Swindon schools have, as yet, experienced significant funding reductions, I believe that not bringing this factor in for 2014/15 was

the correct decision. The issue is essentially whether it is appropriate for Swindon to seek DfE approval to top slice the DSG in order to provide subsidies to some schools in an equitable way. To further illustrate the problems of dealing with sparsity the table below summarises current average primary funding per pupil in our smallest schools;

School	2014/15 average funding per pupil including MFG	Pupil Numbers	Average distance to next nearest school	Could sparsity funding be allocated if safe walking distances were agreed by DfE?
Bishopstone	£7,374.83	39	1.61	Yes
Colebrook Infants	£3,788.71	132	0.53	No
South Marston	£4,393.77	107	1.34	Yes
Chiseldon	£3,590.94	165	2.12	No
Primary Average	£3,666.07	287	0.52	N / A

As things stand even if we were to stretch the scope of the sparsity factor to include Bishopstone and South Marston under “safe walking distances” so that their current funding per pupil could be broadly maintained, we would still be unable to provide any support for Colebrook Infants or Chiseldon whose current funding per pupil is significantly lower. How the DfE will respond to Swindon’s or any other consultation response remains to be seen but you will see that our response suggests that the implementation of tiered lump sums (based on pupil numbers regardless of geography) should be considered as this would provide a much more equitable solution to this issue.

I trust that this letter will provide assurances that the LA is taking this matter very seriously and is striving to seek a solution which is fair to all Swindon schools. It is my view that the current school finance regulations do not allow this. This issue will be consulted on via the Swindon Headteacher Associations and Schools Forum prior to 2015/16 budget setting but in the meantime I have asked Steve to make himself available should any recipient of this letter either individually or collectively wish to attend a briefing/discussion in order to consider this matter further. For individual enquiries please contact Steve direct at shaley@swindon.gov.uk or on 465794 but if you think an informal briefing session with Steve and other LA officers attended by relevant stakeholders would be helpful please contact my PA Maria Rejek at mrejek@swindon.gov.uk or on 463069 and this will be arranged.

In the meantime I must urge all schools to assume that only MFG protection will be available and that all steps to review and reduce staffing costs need to be fully explored in anticipation that the DfE’s original stance and guidance relating to small schools remains in place.

Yours sincerely

