

## Wiltshire Council

School Funding Working Group: 27<sup>th</sup> September 2021

Schools Forum: 7<sup>th</sup> October 2021

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### Changes to Sparsity Funding 2022-23 – Government Consultation Response

#### Purpose of report

1. To outline the Governments response to the '*Schools National Funding Formula: Changes to sparsity funding from 2022-23*' and the changes which have been implemented into the NFF sparsity factor from 2022-23.
2. This report is presented purely to bring the latest government led changes to the attention of members of the Schools' Forum rather than for consultation. All funding decisions relating to the 2022-23 year will be taken later this year, following the announcement of the 2022-23 funding settlement.

#### Background

3. The Department for Education (DfE) held a consultation on proposed changes to the NFF Sparsity funding factor for the 2022-23 year, between March and April 2021. As part of the consultation, views were sought on proposals to improve the funding system which supports small schools in rural areas.
4. The outcome of the consultation along with the proposals which will be implemented for the 2022-23 year were published July 2021. A total of 618 responses to the consultations were received. Stakeholders in Wiltshire were particularly notable for their responses, with Wiltshire responses comprising 7% of the overall total number of responses submitted.
5. The proposals that were consulted upon were:
  - a. Measure sparsity distances by **road** journeys rather than as the **crow flies**, to better identify schools' remoteness.
  - b. Retain the same distance thresholds of 3miles or 2miles
  - c. Increase the maximum amount that schools can attract through the sparsity factor by £10,000 to
    - i. £55,000 for primary schools
    - ii. £80,000 for all other schools
6. The consultation indicated that if the proposals were implemented, then in 2022-23, approximately 900 more small schools would be eligible for sparsity funding, simply by using road distances rather than crow flies' distances. This would increase the total funding through sparsity from £42m in 2021-22 to £95m in 2022-23, which represents 0.2% of the total schools funding, nationally.

## The Wiltshire Position

7. Wiltshire Council and schools, governing bodies and other stakeholders responded to the consultation to express their opinions.
8. Historically, due to the inequities that exist within the Sparsity funding, support has never been strong for this particular funding factor. In the 2021-22 funding year, the DfE had increased the maximum amounts that schools could attract through the sparsity factor to £45,000 and £70,000 for primary and secondary schools.
9. Schools Forum agreed that for the 2021-22 year, the funding would be increased by 3%, in line with other funding factors and therefore the maximum funding was set at £26,780 and £69,525 for primary and secondary schools respectively.

## Post-consultation – Sparsity Funding

10. The key findings from the consultation were.
  - a. 97% of respondents agreed that sparsity funding should be allocated to a greater number of schools
  - b. 95% of respondents agreed that sparsity distances should be measured by 'road' distance rather than 'crow flies' distance
  - c. 60% of respondents agreeing to maintain the distance thresholds of 2miles and 3miles respectively for primary and secondary schools
  - d. 50% of respondents supporting a £10,000 increase to sparsity factor values
11. As a result of the consultation, the Department for Education will implement the following changes into the schools National Funding Formula (NFF) sparsity factor from 2022-23.
  - a. To calculate schools' sparsity distances by 'road' journeys rather than the 'crow flies' methodology
  - b. To increase the maximum amount of sparsity funding that schools can attract through the NFF to £55,000 for primary and £80,000 for secondary schools
12. In addition to the consultation responses, the DfE are to introduce a '**distance threshold taper**'. This means that schools that are marginally below the main distance thresholds of 2 or 3 miles can now attract some funding through the sparsity factor but tapered to mean that they would receive less funding than if their sparsity distances were at or above the main thresholds.
13. The 'distance threshold taper' has been set at 20% below the main distance thresholds, making it 1.6 miles for primary and 2.4 miles for secondary schools. In essence, a primary school with a sparsity distance between 1.6 and 2 miles (and met the other sparsity criteria) would now be allocated some sparsity funding.
14. These changes will now result in over 2,500 schools receiving sparsity funding nationally, 1,300 more than in 2021-22. Of these, 500 schools will attract funding as a result of the new distance threshold taper.

## Sparsity – 2022-23

15. The sparsity factor is designed to support schools that are both small and remote. The sparsity distance for each school is calculated using individual pupil postcodes information and the average road distance to the next nearest compatible school.
16. The amount allocated to schools depends upon the sparsity distances and the size of the school, with the range of funding set out below.

Factor	Unit value
Sparsity funding for primary schools	£0 - £55,000
Sparsity funding for secondary, middle and all-through schools	£0 - £80,000

17. A school is eligible for sparsity funding where the school's sparsity distance is above the tapered distance threshold and the school is considered small. For primary schools, less than 150 pupils or average year group size of 21.4 pupils. For secondary schools, less than 600 pupils, or average year group size of 120 pupils.

School phase	Main distance threshold	Tapered distance threshold
Primary, middle, and all-through schools	2 miles	1.6 miles
Secondary schools	3 miles	2.4 miles

Phase	Main year group threshold (average number of pupils)	Tapered year group threshold (average number of pupils)
Primary	10.70	21.40
Secondary	60.00	120.00

18. Schools which are both equal to or above the **main distance threshold** and equal to or below the **main year group threshold** would be entitled to receive the maximum sparsity unit values.
19. Where a school is between either or both of the main and tapered thresholds, a sparsity weighting would apply.
20. The Sparsity Weighting is applied to all eligible schools and sets the proportion of the maximum sparsity value that each school is allocated. There are two stages to the sparsity weighting.
- A year group size weighting to taper the proportion of the sparsity unit funding based upon the school's average year group size. The tapering depends upon how close the average year group size is to the '**main year group threshold**'.
  - A distance weighting. This tapers the proportion of the sparsity unit value according to how close to the '**main distance threshold**', the school's sparsity distance is.

### ***Year Group Size Weighting***

21. Where a school has an average year group size with an average less than or equal to the **'main year group threshold'**, their weighting will be 100% and the school would receive the maximum sparsity funding, as long as their sparsity distance is greater than or equal to the **'main distance threshold'**.
22. The tapering applies a straight-line methodology such that a sparse school with an average year group size half-way between the tapered and main thresholds and with a sparsity distance greater than or equal to the main distance threshold, would attract half of the maximum sparsity funding.

### ***Distance Weighting***

23. The distance weighting for schools with a distance greater than or equal to the **'main distance threshold'** is 100%. These schools would receive sparsity funding equal to the maximum sparsity unit value multiplied by the calculated year-group weighting, as described in paragraphs 21 & 22 above.
24. The distance weighting is also calculated and tapered on a straight-line basis for schools between the **'main distance threshold'** and the **'tapered distance threshold'**. For example, a sparse primary school with a sparsity distance of 1.8miles would receive a sparsity distance weighting of 50%.

### ***Final Sparsity Calculation***

25. The final sparsity funding amount allocated for each school would be calculated as per the example below for a primary school:

Maximum Sparsity funding for a Primary School	x	Year Group Weighting	x	Distance Weighting
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- Primary School with 112 pupils on roll and 7 year groups
- School's sparsity distance is 1.9miles

#### Step 1

Year Group Calculation	$112 / 7 = 16$ pupils	$1 - (16\text{pupils} - 10.7 \text{ pupils}) / 10.7\text{pupils} = \mathbf{0.5}$
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#### Step 2

Distance Calculation	1.9 miles	$1 - (2\text{miles} - 1.9\text{miles}) / (2\text{miles} - 1.6\text{miles}) = \mathbf{0.75}$
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#### Step 3

<b>Sparsity Calculation</b>	<b>£55,000 x 0.5 x 0.75</b>	<b>= £20,625</b>
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## Decisions and Modelling for Schools Forum for 2022-23

26. The DfE have provided LA's and Schools Forums with information to help with modelling the impact of the post-consultation changes to sparsity funding. The data for the modelling is based upon the historic October 2020 census.
27. The DfE will provide funding to the LA using their new methodology outlined above, through the NFF. Therefore, the LA will receive funding to be able to fund schools using the NFF criteria.
28. Within the school funding options, for how the LA and Schools Forum choose to fund schools, the DfE provide three options.
- 'Fixed'** – each eligible school would receive the maximum sparsity funding without any reduction for the year group size (size of school) but reduced if the distance threshold is between 1.6miles and 2 miles.
  - 'NFF'** – applies all of the distance and year group size tapering as outlined in the DfE's consultation response above and accords with the level of funding to be received from the DfE.
  - 'Tapered'** – this was the previous version of the DfE's tapering which only took account of year group sizes and not distance thresholds. This tapering applied funding on the same straight-line basis but would not take account of the distance weighting thresholds of 1.6miles or 2.4miles for primary and secondary schools.
29. Analysis has been carried out using the October 2020 census data to quantify the impact of each of these options. In all cases, the maximum sparsity funding level of £55,000 and £80,000 has been applied respectively for primary and secondary schools.

	<b><u>Fixed</u></b>	<b><u>NFF</u></b>	<b><u>Tapered</u></b>
Number of eligible Primary schools	50	50	50
Number of eligible Secondary schools	3	3	3
<b>Total number of eligible schools</b>	<b>53</b>	<b>53</b>	<b>53</b>
Total Primary Sparsity Funding	£2,163,688	£1,596,365	£867,658
Total Secondary Sparsity Funding	£169,131	£121,073	£60,537
<b>Total Sparsity Funding</b>	<b>£2,332,819</b>	<b>£1,717,438</b>	<b>£928,195</b>
Lowest Funding - Primary	£1,038 (1)	£931 (1)	£466 (1)
Highest Funded – Primary	£55,000 (28)	£55,000 (8)	£43,251(10)
<b>Average Funding - Primary</b>	<b>£43,274</b>	<b>£31,927</b>	<b>£17,353</b>
Lowest Funding - Secondary	£9,131 (1)	£6,940	£3,470
Highest Funded – Secondary	£80,000 (2)	£70,933	£35,467
<b>Average Funding - Secondary</b>	<b>£56,377</b>	<b>£40,358</b>	<b>£20,179</b>

30. The number of eligible schools within each funding bracket are highlighted in the table below to enable the spread of sparsity funding to be viewed.

<b>Funding Amount</b>	<b>Eligible Schools</b>		
<b>PRIMARY</b>	<b>Fixed</b>	<b>NFF</b>	<b>Tapered</b>
£0-£1000	0	1	3
£1000-£5000	1	4	6
£5000-£10000	1	4	5
£10000-£15000	3	4	6
£15000-£20000	1	1	9
£20000-£25000	2	5	6
£25000-£30000	2	1	10
£30000-£35000	5	7	3
£35000-£40000	4	6	1
£40000-£45000	2	2	1
£45000-£50000	1	2	0
£50000-£55000	28	13	0
	<b>50</b>	<b>50</b>	<b>50</b>
<b>SECONDARY</b>	<b>Fixed</b>	<b>NFF</b>	<b>Tapered</b>
£1000-£5000	1	0	1
£5000-£10000	0	1	0
£20000-£25000	0	0	1
£35000-£40000	0	0	1
£40000-£45000	0	1	0
£70000-£75000	0	1	0
£75000-£80000	2	0	0
	<b>3</b>	<b>3</b>	<b>3</b>

31. The DfE have confirmed their sparsity funding proposals, funding LA's on the basis of the post-consultation NFF methodology. The funding to be received by Wiltshire would enable schools to be funded using both the 'NFF' or 'Tapered' methodologies. However, the funding would be insufficient to afford to fund schools using the 'Fixed' methodology. If the 'Fixed' methodology was selected for funding sparsity, this would require funding to be taken from the funding of other factors within the formula.

32. Schools Forum will be required, as part of its funding decisions later this year, to confirm the preferred methodology for funding sparsity, including the maximum sparsity funding values. When funding moves to the 'hard' formula, schools will be funded using the proposed NFF methodology set out above.

## Proposal

33. Schools Forum is asked to note the content of this report.

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