



## **Schools Forum**

Date: 18 March 2021

Time: 8.30 am to 10.30 am

Venue: Virtual via Microsoft  
(MS) Teams

Paper

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## **CHANGES TO THE SPARSITY FACTOR 2022-23 CONSULTATION**

**Responsible Officer** Jo Jones

e-mail: [jo.jones@shropshire.gov.uk](mailto:jo.jones@shropshire.gov.uk)

Tel: 01743 254343

### **Summary**

The purpose of this consultation is to seek views on Department for Education (DfE) proposals to provide additional support to small, remote schools through further changes to the national funding formula (NFF) sparsity factor in 2022-23.

The consultation makes the following proposals:

- To begin measuring sparsity distances by road journeys rather than 'as the crow flies' distances, to better reflect the actual distance between schools, particularly in rural locations.
- To increase the maximum sparsity factor values by £10,000 across all phases in the 2022-23 schools NFF.

The consultation closes on 9 April 2021.

The full consultation documents can be accessed at

<https://consult.education.gov.uk/funding-policy-unit/schools-nff-changes-to-sparsity-factor-2022-23/>

### **Recommendation**

Schools Forum is invited to consider the consultation document and offer comment to the DfE's proposals.

## **REPORT**

### **Background**

1. The introduction of the NFF in 2018-19 uses a system that allocates funding based on schools' and pupils' needs and characteristics – not accidents of geography and history. The DfE continue to keep the formula under review, so that it is responsive to schools' financial challenges and evidence of their needs.
2. One group of schools that evidence suggests are facing financial challenges are small, remote schools. The DfE recognise the vital role that such schools play in the rural communities they serve and that without them pupils could face long travel distances to school. They have considered ways to continue to improve how the funding system supports such schools, building on the commitment to

do more to support this group of schools and on increasing funding through the NFF's sparsity factor from 2021-22.

3. The NFF also recognises additional financial challenges faced by small schools in rural areas, due to such schools' particularly limited opportunities to attract more pupils, or to achieve efficiencies (eg shared senior leadership teams) and hold down costs compared to similar sized schools in less remote areas. In addition, such schools often play a significant role in the communities they serve and educate pupils who might otherwise have to travel unreasonably long distances to attend school. Therefore, the NFF allocates additional funding beyond the lump sum to small schools in rural areas through the 'sparsity factor'.
4. Eligibility for additional funding through the sparsity factor is determined by a school's size and remoteness. A school attracts sparsity funding if:
  - Its average year group size is below the appropriate year group threshold. This threshold is 21.4 for primary schools, 69.2 for middle schools, 120 for secondary schools and 62.5 for all-through schools; and
  - For all the pupils for whom it is the nearest compatible school, the average distance (currently calculated 'as the crow flies', using straight-line distances) from each pupil's home postcode to their second nearest compatible school (the sparsity distance) is equal to or more than three miles (for secondary schools) or two miles (for all other schools).
5. In the 2021-22 NFF approximately 1,200 schools across England are eligible to attract sparsity funding, 90% of which are primary schools. **In Shropshire for 2021-22 a total of 58 schools attracted sparsity funding: 52 primary schools, 1 all through school and 5 secondary schools.**
6. For 2021-22, the DfE increased the maximum amount that each eligible school can attract through the NFF's sparsity factor from £26,000 to £45,000 for primary schools, and from £67,600 to £70,000 for secondary schools.

### **Consultation on changes to the sparsity factor for 2022-23**

7. To build on the increased sparsity factor values that will be introduced from 2021-22, the DfE aim to broaden the reach of the sparsity factor to a greater number of small schools serving rural communities from 2022-23. This is to increase the support for schools that are currently not identified as being sparse in the NFF, many of which are marginally below the factor's distance thresholds, but that are likely to face similar financial challenges to those that are.
8. The proposal is to begin measuring sparsity distances by road journeys rather than 'as the crow flies', which will better reflect the actual distance between schools and help to identify schools that warrant extra support more accurately. To illustrate the impact of this change, the DfE have measured schools' sparsity distances by the road using the same data as in the 2021-22 NFF. This would have seen approximately 900 more schools become eligible for sparsity funding. **For Shropshire this would mean an additional 16 schools would have been eligible for sparsity funding in 2021-22.**
9. Areas that would have seen the greatest increase in the number of sparse schools are largely those with many small schools currently close to the thresholds, and where the new measure will have more of an impact on schools' sparsity distances

due to road journeys being significantly longer than 'crow flies' journeys.

10. The proposal is to maintain the same distance thresholds as in 2021-22: two miles for primary, middle, and all-through schools and three miles for secondaries.
11. Given road-based sparsity distances between two points are always greater than straight-line-based sparsity distances, there would be an overall increase in the number of schools eligible for sparsity funding – there are nevertheless a very small number of exceptions to this because of the way the new methodology is calculated.  
**Looking at exceptions for Shropshire using the 2021-22 NFF, the new methodology would have no negative impact.**
12. As in previous years, schools that are sparse one year but not the next – due to changes in methodology or changes in schools' and/or pupils' locations, and/or average year group size – would be protected from losses through the funding floor (or 'minimum funding guarantee').
13. In addition to improving the sparsity distance measure, the proposal is to further increase the maximum sparsity factor values by £10,000 across all phases in the 2022-23 NFF. When coupled with the lump sum, a £10,000 increase in the sparsity factor values would mean sparse primary and secondary schools could attract up to £172,800 and £197,800 respectively through these two factors, before taking account of funding based on pupils and their characteristics, or any increase to the lump sum in 2022-23.
14. Based on the DfE's illustration of the impact of these changes, measuring sparsity distances by the road and increasing the maximum sparsity factor values by £10,000, the total amount allocated through the sparsity factor would have increased nationally by £43m to £85m. This would result in significant amounts of additional funding and support for sparse schools.
15. **For Shropshire using this same illustration, these proposals would mean 16 additional schools being eligible for sparsity funding. Of those additional 16, 4 primary schools would be eligible for the maximum funding of £55,000. The funding under sparsity would increase by a total of £1.037m from £1.91m to £2.94m.**

## **Consultation Response**

16. The consultation deadline is Friday 9 April 2021, individual schools may also wish to submit their own responses to the consultation.