

## Appendix B

**School name:** Highfield Church of England Primary School .

**Question 3: The Schools Forum has made the decision not to include a split site factor within the new formula. Do you agree that there should not be a split site factor within the new formula?**

### **Background**

The decision not to include a split site factor in the new local funding formula is contrary to national policy, the guidance issued by the Education Funding Agency and the local authority's own calculations for over a decade. All of them have acknowledged that split site schools face higher costs, which according to the Government, "Should be reflected through a cash sum to the school(s) affected."

It is inconsistent with the forum's approach to the rates element of the formula, which both recognises and then makes provision for schools' fixed costs. It is only fair that the same principle should be applied to schools that have two sets of fixed costs across two separate sites.

It is at odds with the approach taken by every other authority in the region including Bournemouth, the Isle of Wight, Wiltshire, Dorset, West Sussex, Surrey and Hampshire who for these very reasons have included it their own formulas (Portsmouth had not published their proposals at the time of submitting this response).

Finally, it appears unfair that the school could be financially penalised due to factors beyond its control. The school has, in the past, sought the support of the local authority to move to one site. The opportunity to do this, which would have incurred minimal costs to either party, did present itself but the local authority choose not to pursue it. Consequently Highfield Primary has been left as the only school in the city based on two sites.

### **National Policy**

The national policy framework explicitly confirms that split sites face higher running costs and this underpins the reason for permitting this to be one of only twelve factors that can be considered as part of the local formula. The DfE's 'School funding reform: Next steps towards a fairer system' published in 2012 states that,

#### *"Split sites*

*1.3.45. Schools that operate on split sites often face higher running costs as a result of, for example, the cost of travel between sites and the care and maintenance of two sites. Of course we expect all schools to find efficient ways of operating and to seek value for money. We also expect local authorities to fund such schools in a way that incentivises efficiency rather than sustaining inefficiency.*

*1.3.46. Since we are keen to continue to encourage schools who do adopt efficient solutions, such as merging and federating, it is important that the consequences of those solutions continue to be reflected in schools' budgets. We will therefore continue to allow local authorities to include a split site factor in their local formulae. This should be reflected through a cash sum to the school(s) affected. "*

It is also included in the Government's, "School funding reform: Technical Guidance for Local Authority Formula Tool v2.0" published in September 2012, which assumes that a split site element will be included.

### **Education Funding Authority (EFA)**

Furthermore the EFA goes even further to recommend that LAs must publish a definition of a split site school, identify the costs that are incurred by any school (s) affected and this forms part their annual reporting requirements. The EFA's '2013-14 Revenue Funding Arrangements: Operational guidance for local authorities' states,

*"h. split sites – the allocations must be based on objective criteria, both for the definition of a split site and for how much is allocated. Where existing factors have been used for some years and the rationale is unclear, these should be reviewed;"*

It goes on to confirm,

*"90. The proforma will also contain a sheet for additional information including details of how split site and PFI allocations have been calculated..."*

### **EFA Compliance – split site definition**

To comply with the EFA's guidance, we suggest the definition of a split site school in Southampton could be:

*"Any school where at least 70% of the school's total lessons are delivered in two or more buildings that are at least 500 metres apart, separated by at least one public highway, and requires adult supervision for pupils to undertake the journey."*

### **EFA Compliance – split site cost analysis**

We have met with and spoken to LA finance officers to examine our current and proposed annual budget. To comply with the EFA's guidance, we have identified with officers the additional costs that our school incurs as a result of being split across two sites. We unanimously agreed these additional costs, which are outlined in the excel spread sheet marked appendix 1.

Nevertheless, a short summary of what we jointly indentified is as follows:

## **Additional split site requirements calculation**

**LA cost**

1. Staff Costs -Additional management, office, and maintenance staff time  
£38,168
2. Equipment - Amortised cost of replacing extra IT and other equipment  
  
£6,271
3. Standing Charges/Utility -  
Cost of broadband, IT link and water standing charges  
£7,692
4. Term Servicing -  
Cost of additional term servicing work required due to second  
site £2,907
5. Overhead - additional overhead costs from running two sites  
£2,202

### **Total additional split site costs £57,239**

(The attached excel spread sheet appendix 1 provides detailed figures by budget heading and explanatory notes.)

### **EFA & Legal Advice**

According to the advice we received from the EFA and our legal advisor, as there is an option to take account of the additional costs of split site schools, it would appear 'unreasonable' for this not to be included in the formula unless it can be shown that no additional costs apply. As our discussions with the LA demonstrate, beyond doubt, there are significant additional split site costs amounting to £57,239. Therefore they should be recognised. In accordance with the EFA guidance, these costs demonstrate significant efficiencies when compared to the split site element proposals in neighbouring authorities. For example, Dorset primary schools, with a similar set up to our own, will be given up to £77,861 to meet these additional split site costs. The relevant sections of Dorset's consultation paper are included at the foot of this response.

### **Financial Consequences for the School**

The consequences for Highfield Primary school, if these additional costs are not met, are significant as these costs are equivalent to 6.6% of our budget (proposed 2012-13 budget is £871,103). Whilst we recognise that the guidance does not permit an additional element for inadequate facilities to be included in the local formula unless the costs are more than 1% of the school's budget, this relates to an additional £8,000 per annum of costs that the school currently incurs hiring a separate school hall, which will also not be met. When the two set of costs are added together, this amounts to 7.5% of our budget. As the overwhelming proportion of our costs are salaries, the bulk of these costs have to be found from this budget line. They are unlikely to be met from our carry forward this year, which has been allocated to meeting the costs of expanding our school (Please see the note below in the 'Other

Comments' section, which explains this in more detail). Nevertheless, the impact of recognising these costs in the formula on other schools in the city is minimal as it accounts for less than 0.5% (57,239/119,214,461) of the schools budget.

### **Wider Consequences for Southampton**

The omission of a split site factor from the local formula would further undermine national policy, which is to encourage schools to consider the benefits of federating. Whilst a split site factor identifies additional costs of working across two sites, these may be more than offset by the savings made by changing the staffing structure and potential economies of scale when ordering goods and services. Furthermore a move to a federated structure, across two or more schools, may result in an improvement in educational outcomes and this might be something the authority wish to promote in the future. Significantly reducing the potential financial benefits of undertaking this type of restructuring is likely to dissuade schools from considering this option.

A decision not to recognise these costs, may also have the perverse incentive for Highfield Primary School to restructure the infants and juniors as to two separate schools, which in theory would enable each school to gain the lump sum element of the formula. Although this is likely to be a complex and potentially disruptive course of action, which we would be keen to avoid, if the costs of running a split site school are prohibitive then we would have to actively consider this option to fulfil our financial duties as a board of governors.

### **Agreed by:**

Leslie Fuller, Chair of Governors  
Finance & Resources Committee  
Allan King, Head Teacher

### **Submitted:**

12/10/12

## **Dorset County Council – local school funding formula consultation document September 2012**

“64. The split site factor remains allowable within the new formula to support schools that have multiple premises or operate across more than one site. The factor must be paid in accordance with criteria published by the authority. In Dorset this factor will be used for three purposes.

“65. Most schools work from buildings and land that is in one place, owned by the Council or a trust that enables the school to operate within a confined area. However, there are some schools that have buildings which are operated as part of the school but are distant from the main part of the school (Split Site - Multiple Sites), and some schools where additional land or buildings are leased/rented or transport is paid to enable the school to have the facilities to operate effectively (Split Site - Inadequate Facilities).

“66. At present schools that are split site receive additional funding to support their need for duplicated reception facilities and additional management responsibilities and schools that have inadequate facilities have the additional land or transport required paid for by the LA. Both these budgets will need to be delegated to the schools concerned and this will be via an amended split site factor.

### **Split Site - Multiple Sites**

“67. Proposed criteria and formula for delegation for the multiple sites factor:

- The site must be split by a main road that requires adult supervision to cross and,
- Sites must be at least 750 meters apart via the shortest route from the site main entrance to the main entrance. NB. The term main entrance indicates an entrance that is attended at all time and,
- The second, or subsequent sites, must house children of compulsory school age equalling at least the admission number of the school or 50 pupils (whichever is the greater)

“68. It is therefore propose that the new criteria is applied in 2013-14 but that 2012-13 values are held i.e. £67,861 for a primary school or £86,482 for a secondary school plus an additional £14,382 payable per site where there are more than two sites.

### **Split Site - Inadequate Facilities**

“69. Where schools have remote or inadequate PE facilities or do not have access to a hall, a lump sum will be allocated based upon the current cost to enable the school to make payment for the hire of a hall or land or to transport children to alternative facilities. Currently this funding is held centrally and allocated on the basis of either coach hire or staffing costs (where children can travel on foot but require adult supervision) or the rents are paid directly. Since the LA is no longer able to retain funding for this purpose it is proposed that an amount of £10,000, £5,000, £2,000 or zero (where costs are

negligible) is delegated at the start of the year enabling the school to resolve the transport/rent issues however it sees fit. Eligibility will be agreed on an individual basis in consultation with the Premises team in Children's Services as will payment details. In some cases due to the terms of leases, DCC will need to make payment and charge the individual school. Please note that a school experiencing difficulty accessing the hall as a result of students sitting exams will not attract funding under this scheme."