

**P-04-660 – The Additional Pressures on Funding for Education Provision Faced by Sparsely Populated Rural Areas.**  
**Correspondence – Petitioner to the Committee. 29.02.16**

**Developments since the petition was presented in December, 2015**

The announcement by the Welsh Government that the 2016–17 Revenue Support Grant to Powys, the most sparsely populated rural authority, was to be cut by 4.1% (a decrease of £7.147million) against a Welsh average of 1.4% and a 0.1% cut for Cardiff, highlights the funding pressure for all services, including education, in rural authorities.

There appears to be a general acceptance across all councils that the funding formula which underpins the distribution of the RSG is becoming outdated and requires overhaul. Welsh local government is understood to have commissioned a leading academic to chair an Independent Commission for Local Government Finance which is taking evidence on this, along with examining the sustainability of the funding system.

The Welsh Government continues with the assumption that the current formula is fair and appropriate as a means of distributing revenue funding to Local Authorities and this is reiterated in the response from the Minister for Education and Skills to the Petitions Committee. A simple repetition of a statement does not make it any more accurate. The formula is said to be under continual review. It is, however, significant that for a decade Powys has received the lowest settlement and the proposal for the financial year 2016–17 followed this pattern. In earlier years, the ‘floor’ (a mechanism that meant that no council received a settlement below a certain percentage) was implemented to ameliorate the effect of the decrease. This year, a special grant of £1.92 million was necessary in the case of Powys, with similar measures for two other Authorities. If the formula is working as the Government intended it should not be necessary to provide either a ‘floor’ or a grant.

Powys County Council remains more than £5million worse off in 2016–17 as a result of the settlement and, despite a proposed increase of 4.25% in Council Tax, increased service costs and the effect of inflation will require an overall saving of £10.4million for the financial year.

It would be useful to know:

- What is the monetary value of the uplift given to an Authority such as Powys to reflect the cost of delivering education in a sparsely populated area and what are the amounts under the other headings, given that shortfalls there will impact on the education budget?
- What work has been done on the variance between the percentage of revenue received and the actual cost of delivery of the various services in rural as opposed to urban areas?

### **The ability of Local Authorities to choose how best to serve local needs**

The Minister rightly states that, in respect of school provision, ‘it is for local Authorities to develop proposals in the light of local needs and circumstances’, implying that choices can be made within Local Authorities to meet their particular needs. This choice is, however, an illusion if funding is not available; rather like the statement that ‘Justice, like the Ritz, is open to all’. Currently, the Cabinet of Powys Council is considering proposals which, in the longer term, could see Llandrindod Wells, the county town of Powys, and the whole of the old County of Radnor, the shire at the heart of Powys, the Heart of Wales (an area of 1218 sq.km) without a secondary school. It seems unlikely that Powys County Council would be giving consideration to this option if it had real ‘choice’.

### **Economies of scale in the urban areas**

The ability of Local Authorities to develop proposals in the light of local needs and circumstances is constrained by the funding available. If rural Authorities such as Powys County Council have a greater spend on delivery of each of their statutory and essential services because each service depends on the service providers travelling greater distances, those Authorities will never match the lower unit cost of delivery in a compact urban area.

### **Effects of the urban funding model:**

It is a simple fact that, in most rural authorities, the population is not grouped in large settlements and, therefore, all of the services required will always be more costly to deliver. The ability to generate financial savings to improve education is limited. Even if all secondary schools and primary schools were to conform to an agreed minimum size, rationalisation, modernisation or transformation of schools can only be taken so far before the further increases in transport costs counterbalance the savings made from school closure.

The detrimental effect on a rural community following the loss of its school was well documented in the case study of Beguildy (enclosed as Correspondence to the Clerking Team 30/11/2015). The impact of the closure of Beguildy Primary School was also featured in an ITV Wales News broadcast on 17<sup>th</sup> February, 2016

### **Loss of Welsh pupils across the border to England**

Powys, having a long border with England, is particularly familiar with the movement of pupils across the national boundary. The Minister for Education's apparently relaxed attitude to the movement of pupils from Welsh schools must be based on past evidence rather than the current or proposed situations. Does the Minister's confident expectation that the mutual level of pupil movement will continue at the historic low levels take into account what has already happened and is proposed to happen after changes to provision in border catchments such as John Beddoes and Gwernyfed in the Secondary sectors and the closure of small Primary schools such as Beguildy, which were situated on or close to the border?

Removal of provision at any level, right up to Sixth Form, results in parents and students increasingly exercising their preferences not to travel longer distances into Wales when English centres offer the advantages of proximity and also apparent higher levels of funding.

The Welsh Government surely has a duty to initiate research into the acceleration of Welsh pupils choosing to be educated outside Wales. Data should be easily obtainable from the individual schools e.g. a comparison between the numbers of students from John Beddoes School opting to study for their A-levels in Wales in the five year period before being subsumed into Newtown High School and the figures for students in the last academic year.

Is any work being done in the Welsh Government to examine the proposals in England to consider increasing the funding to rural authorities, especially in terms of the Education budgets? Any increased funding for Authorities bordering the long boundary with Powys will, of course, only serve to increase the attractiveness of cross -border schools to Welsh students.