Rationalising Primary School Provision

The Audit Commission for Local Authorities and the National Health Service in England and Wales
Rationalising Primary School Provision
Preface

Over the past two years the Audit Commission has undertaken a study of the management of primary education in England and Wales. The results are being published in two volumes. This first report considers the responsibility of the Local Education Authority to plan the provision of adequate facilities for primary age children in its area. It focuses particular attention on the problems created by surplus capacity and small schools. A companion volume on management within primary schools will be published early in 1991.

The study’s main sources of information have been:

— questionnaires completed by the headteachers of 224 primary schools in 10 LEA areas

— visits to 54 of these schools, including interviews with the head teachers

— interviews and investigation of documented information in the offices of the 10 LEAs

— analysis of budget allocations for the financial year 1990–91 for all the primary schools in 21 counties, 15 metropolitan districts and 12 outer London boroughs

— reviews of educational literature carried out for the Commission by the National Foundation for Educational Research.

A team from the Commission’s Directorate of Local Government Studies conducted the study work. The team was led by James Kennedy of the Directorate’s permanent staff and by Ann Shore, an auditor on secondment from the District Audit Service. Four members of the team worked on the study part-time: Jill Webberley of Her Majesty’s Inspectorate of Education, Paul Knight, headteacher of Malcolm Sargent Primary School, Stamford, Lincolnshire, Peter Wylie, Deputy Director of Education, Leicestershire County Council and Dr Steven Warburton of the District Audit Service.
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Summary

Just over 4 million pupils are educated in primary schools maintained by local authorities in England and Wales, at a cost of around £4,500 million a year.

Two provisions of the Education Reform Act 1988 – the national curriculum and local management in schools (LMS) — are changing the way in which these resources are managed in fundamental ways. The national curriculum imposes a tighter discipline on what is taught, and LMS puts more financial power in the hands of schools.

But the local education authority retains the duty to plan school provision. This duty is vital to the success of the primary education system. This is so particularly because scope exists to improve value in two areas of the planning of primary school provision: surplus capacity and small schools.

Surplus capacity absorbs expenditure. This money could otherwise be used to improve educational provision or redeployed to improve other local authority services or to reduce taxation. Government Departments' estimates show a surplus of 900,000 places in English and Welsh primary schools. A cautious estimate of the cost of these places is £140 million a year.

National estimates of the size and significance of surplus capacity can only give an incomplete picture because:

— national figures are built up from data on LEAs' net surpluses but in practice a surplus and a shortage in the same county do not cancel out unless they are close enough for primary pupils to travel between them

— LEAs do not all measure school capacity in the same way

— both educational and financial consequences of steps to tackle surplus capacity will depend heavily on highly local circumstances.

The framework within which LEAs undertake their role as planners is both complex and hazardous. LEA planning has to take account of the parallel existence of schools catering for the general population and of schools catering for members of particular groups – most of the latter are church schools. The statutory procedures for closing and opening schools and for changing admission numbers significantly give the relevant Secretary of State the power to reject, accept or modify any LEA proposals. Recent legislation has given the school system some of the characteristics of a market, with parents acting as the system's clients and this complicates the LEA planning task further. There is also now the possibility that primary schools may opt for grant-maintained status.

Nonetheless the Commission sees a compelling case for action to tackle surplus capacity to release resources which were voted to support pupils' education. By itself, parental choice is unlikely to drive waste out of the system. LEAs' action to tackle surplus capacity should begin with a thorough review of its position and of options. Options should be evaluated in terms of
pre-stated criteria, both educational and financial. Proposals for change need to be argued positively and openly.

In some areas small schools are certainly necessary, but they have a number of disadvantages. A high proportion of small schools in a county tends to be associated with relatively low funding for the county’s larger schools. Small schools are more likely than other schools to lack the range of subject expertise called for in the national curriculum’s stipulated programmes of study. Their scope to allocate curricular and other responsibilities amongst teachers is limited, and they have fewer facilities and resources on site.

LEAs should review their need for small schools and their current provision, taking account systematically of the non-financial reasons for maintaining small schools, such as community links. An LEA which finds that it has poorly justified small schools should investigate options for rationalising provision. Like rationalisation to reduce surplus capacity, rationalisation to reduce the proportion of provision in small schools should be advocated positively. Once it has been put into effect, such rationalisation can turn out to be popular as well as effective.

Where the closure of small schools is impractical or undesirable, co-operative arrangements between schools (often referred to as 'clustering') are often used as an alternative to closure. Co-operation takes a number of forms including joint training of staff, shared pupil activities and sharing of expensive equipment. Most of the clustering which the Commission has observed is insubstantial and none reduced the high costs of small schools. If clustering is to make a favourable impact on the organisational disadvantages of small schools, schools will have to give up some of their autonomy voluntarily for the good of the cluster.
1. Two measures in the Education Reform Act 1988 are making a major impact on primary
education:- the introduction of the national curriculum and local management of schools. They
are changing both the financial context and the content of primary education. Inevitably change
on this scale generates tensions which may take some years to settle. But these tensions should
not detract from a concern with effective deployment of resources. If resources are to be made
available to aid the process of change and secure its success, education managers must seek value
for money throughout the service, and in particular direct resources to activities where
educational benefit can be clearly demonstrated. And there is certainly scope to make valuable
use of any resources released:

— the annual report for 1988-89 of HM Senior Chief Inspector of Schools reports "... most
(primary) schools need to increase resources for science, particularly physical science, and
for information technology."

— many primary schools are deficient in key facilities required in the statutory Education
(School Premises) Regulations 1981.

— there is a serious maintenance backlog in school buildings as already noted in the
Commission's report on property management(1) . Although there have been no systematic
comparisons of the quality of education in dilapidated and well-maintained school buildings,
nobody dissents from the proposition that the latter are preferable.

2. Primary education is one of the most costly local authority services with a total
expenditure in England and Wales of about £4,500 million a year on 4.1 million pupils, or about
£1,100 a child. The needs are self-evident. A child's educational achievement during the
primary years has a profound effect on his or her future life and for the overwhelming majority of
primary-age children this phase of education takes place in schools maintained by local
authorities.

3. At the local level the 1988 Education Reform Act (ERA) is shifting decisions over school
management to governing bodies. These decisions relate to resource deployment and to
personnel and therefore have a significant impact on schools' effectiveness. They include:

— determination of complements for school staff, both teachers and non-teaching staff

— selection of individuals for appointment and dismissal

— control of school income and of operational expenditure on premises, including heating,
cleaning and decorating

— purchase of supplies and services, including books and equipment

— control of school income

— carrying forward from year to year of underspends and overspends

— response to unplanned staff absence.
Decisions within governing bodies' powers are addressed in a companion report to this one, to be published early in 1991.

4. But the LEA retains many significant functions in the task of delivering effective primary education. In a recent paper on the role of the LEA following the 1988 Education Reform Act (ERA), the Commission identified six elements of the new role:

— leader of the education service
— partner to schools and colleges
— planner of facilities
— provider of information to those who use the education service
— regulator of quality in schools and colleges
— banker to educational institutions.

5. The LEA should provide a supportive context which schools can deliver quality primary education. There is work to do in most LEAs to adapt to the new environment. Regulation, centring round the inspection and advisory service should provide schools with a professional point of reference. Leadership and partnership should stimulate schools by setting expectations. The provision of information to primary school parents should help them to make informed choices but is not yet well developed. Information from the LEA (as distinct from material which schools themselves issue) should develop as experience is gained of the assessment arrangements associated with the national curriculum. The banker function is vital for primary schools. Budgeting and financial management may be particularly difficult where (as in most primary schools) no member of staff can devote full-time attention to them.

6. In all these tasks the LEA acts at one remove from the schools. But as a planner of facilities the responsibility for initiating action rests with the LEA. And scope exists to improve value in two areas in which the LEA holds the initiative: – surplus capacity and small primary schools.

7. There are many schools with substantial over-capacity, sometimes in the same counties or boroughs as schools with shortages. The levels of Central Government's Revenue Support Grants to LEAs are calculated on the assumption that surplus capacity has been removed. So securing a more rational provision of school places is essential to restrain pressure on local funds raised through the community charge.

8. There is also a substantial 'small school' problem. Small schools often attract strong local loyalty, but create difficulties elsewhere, since it is substantially more expensive to educate a child in a small school. It is also more difficult for them to fulfil the requirements of the national curriculum. Despite extensive closures in recent years many small schools are maintained when the case for their continuance should be questioned.

The next two sections consider these two issues in turn.
1. Surplus Capacity

THE EXTENT AND IMPORTANCE OF SURPLUS CAPACITY
THE PROBLEM

9. Surplus capacity absorbs expenditure. This money could otherwise be used to improve educational provision and hence the quality of education. Alternatively it could be redeployed to improve other local authority services or to reduce taxation. The Government has published an estimate of £120 per year (at 1987-88 prices) for the cost of a surplus primary place, excluding the opportunity cost of the site and premises. So the 900,000 surplus places* in England and Wales now cost at least £140 million a year. Assuming an average size of 200 pupils the surplus represents 4,500 schools with a capital value of, perhaps, around £2 billion.

10. Of course some of this surplus – marginal capacity in almost-full schools – is not easy to remove. And there are circumstances where surplus capacity is justified, such as an anticipated rise in a locality's population of primary age. But most surplus capacity cannot be so justified.

11. In each of the years from 1985 to 1990, the number of pupils attending nursery, primary and middle schools deemed to be primary schools rose. The 1990 figure is 6% higher than the 1985 figure (CIPFA Education Statistics 1989-90 Estimates). But the increase does not mean that surplus capacity will be absorbed by rising rolls. Actual live-birth figures from 1979 to 1988 and OPCS projections from 1989 to 2000 show that foreseeable growth will be limited (Exhibit 1 overleaf).

12. 900,000 surplus places constitute a 22% surplus across the nation. But there is significant variation between LEAs. In those in which the Commission has conducted its fieldwork, the figure ranged from nil to 35%. The higher levels of surplus capacity are serious.

13. And the national figure itself is probably an under estimate. It is based on LEA returns of net surpluses, so that in authorities with simultaneous surpluses and shortages of capacity, the surpluses and shortages would be set against each other. In reality, shortages and surpluses are both instances of inappropriate provision. This factor can cause surplus capacity to be obscured. In one county which the study team visited, an education district reported a net surplus of 1017 places. But one town within the district experienced a shortage of 133. In another, urban LEA, the surplus and shortage of places in schools varied from +60 to –90. (Exhibit 2 overleaf).

14. Net calculations are misleading, therefore. Surplus capacity in one area may not be of use to pupils in other areas of the same LEA because primary pupils rarely travel substantial distances to school.

* The estimate of 900,000 surplus places comes from the two relevant Government Departments, the Department of Education and Science and the Welsh Office. It is based on estimates supplied to them by LEAs. Other bases would yield different estimates but the Commission's fieldwork in a variety of LEAs showed a significant surplus whatever basis is used.
Projections indicate no significant change in primary school population

Birth projection for England and Wales

Source: OPCS

15. It is not possible accurately to determine the number of surplus spaces either nationally or locally without first undertaking an assessment of the capacity of school buildings. Some LEAs which have significant surplus capacity have taken the opportunity to apply policy decisions to provide more space per pupil than current national Regulations require. For instance, one LEA has a policy to provide each primary school with at least one general resources room and a music room. LEAs which operate such policies do so because they believe that additional space promotes educational effectiveness. Other LEAs do not consider the space standards in the Regulations to be appropriate because of their emphasis on floor area. This is a widely-held view in relation to open-plan schools and in schools with a high proportion of shared activity areas (spaces in which pupils work but which are usually too small to serve as classrooms). Many LEAs
Exhibit 2

NUMBER OF PUPILS ABOVE AND BELOW CAPACITY IN THE PRIMARY SCHOOLS OF AN URBAN LEA

Overall the authority has the capacity it needs but individual schools have surpluses and shortages.

<table>
<thead>
<tr>
<th>Schools</th>
<th>Pupils</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>80</td>
</tr>
<tr>
<td></td>
<td>60</td>
</tr>
<tr>
<td></td>
<td>40</td>
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<td>-60</td>
</tr>
<tr>
<td></td>
<td>-80</td>
</tr>
<tr>
<td></td>
<td>-100</td>
</tr>
</tbody>
</table>

Capacity as defined by the LEA

Source: Study LEA

define the capacity of such schools to be lower than the capacity which would result from application of the Regulations.

16. The effect of the difference between local and national definitions of capacity can be considerable. In a sample of schools in one Metropolitan District, the capacity according to the local definition was 13% less than the capacity as defined in the Regulations. If this sample is typical of the LEA, changing from the local to the national definition would revise the estimate of surplus capacity in the LEA by a fifth, from 35% to 42%. But even using the local standards, the LEA still has a serious problem. Moreover it is by no means clear that the improvement in educational effectiveness occasioned by more generous space standards exceeds the improvements which would result from the application of the same costs to, say, additional books or teachers.

THE COSTS OF SURPLUS CAPACITY

17. The unique circumstances of schools within their neighbourhoods mean that a precise national estimate of avoidable costs due to surplus capacity is infeasible. Realistic estimates of the costs of surplus capacity can be made only at a local level, by devising schemes for the rationalisation of provision of places across a group of schools, by eliminating unnecessary temporary classrooms and by closing one or more whole schools.

18. The introduction of school funding through LMS formulae has brought a degree of clarity to the use of money at school level, enabling questions relating to the effective use of that money to be posed. The structure of the local formula determines how much of the school's budget is allocated on the basis of schools' floor areas and consequently how much can be freed for re-allocation by releasing unnecessary floor areas. The formula also determines how much "cushioning" is put into schools' revenue allocations as their rolls fall. The more cushioning the
formula contains, the greater the LEA’s revenue saving from closing schools. The savings from the removal of surplus capacity may also be affected by capital costs and receipts – the expenditure needed for improvements to the retained accommodation and the disposal values of surplus accommodation.

19. Retained schools should benefit from the closure of unnecessary schools. If the LEA leaves some or all of the revenue saving in the schools budget, all schools will receive a share of that saving. In all cases, schools which enrol additional pupils as a result of another school’s closure will receive the increase in budget share consequent on increased enrolment and will usually have more scope to pursue higher educational standards.

20. Surplus capacity imposes educational costs as well as financial costs. Most schools are designed to admit a number of pupils to form classes in which all pupils are from the same age group (known as single-age classes). When such schools suffer under-enrolment, they find it hard to organise single-age classes. As admissions fall, it becomes harder for such schools to avoid mixed-age classes, i.e. classes within which the pupils’ ages vary by more than 12 months. In general, mixed-age classes have a wider span of ability than single-age classes, which makes it harder for teaching to be matched to all pupils’ needs. For this reason, many parents dislike mixed-age classes and schools sometimes accept substantial variation in class size when faced with uneven intakes.

21. Mixed-age classes are inevitable in small schools. In recognition of this increased resources are allocated to them, by LEAs through small school protection factors in LMS formulae. Central Government implicitly supports this resourcing because Standard Spending Assessments recognise a need for extra local education authority spending in sparsely populated areas. For some years the Education Support Grant Scheme gave specific support to LEAs to help primary schools in rural areas. There is no such protection for larger schools suffering wide fluctuations in rolls. In one urban LEA which the Commission team studied all schools with over 100 surplus places had mixed-age classes. (Exhibit 3).

**Exhibit 3**

**COMPARING SURPLUS CAPACITY IN AN LEA WITH MIXED AGE CLASSES**

Mixed-age classes are more common in schools with surplus capacity

![Graph showing surplus capacity and mixed age classes](source: study LEA)
POLICY AND LEGAL FRAMEWORK

22. The framework within which LEAs undertake their role as planner of facilities is both complex and hazardous. The complex elements of the framework in which they manage capacity are

— the parallel existence of schools for the general population and of schools catering for members of particular groups eg. church schools

— the statutory procedures for closing and opening schools, and for changing admission numbers significantly

— recent legislation which strengthens parents’ choice of school.

23. Most primary schools maintained by LEAs are classified as county schools (a legal term used in boroughs as well as in shires). They are open to pupils from any section of the population. Subject to governors’ powers and responsibilities under the 1988 Education Reform Act, full responsibility for them rests with the LEA. LEAs also support schools classified as voluntary-aided. These serve particular sections of the population, usually the members of one particular religious denomination* (although in practice, many voluntary-aided schools also admit pupils from a wider population).

24. In planning the provision of schools, LEAs have to consider county and voluntary-aided provision separately. Exhibit 4 (overleaf) illustrates the problem by reference to the disposition of five primary schools in an urban area. The area has a total of 1960 places, of which 670 are surplus. If schools B and D were closed, excessive home-to-school journeys would be avoided and there would be enough surplus capacity in the area (nearly 300 places) for parental preference to be exercised. But the closure of either would leave the area with no school for the denomination which that school serves – and alternative denominational schools are much further away than schools A, C and E.

25. In Wales there are schools in which the medium of teaching is Welsh. Like voluntary-aided schools, they constrain the planning options although their legal status is that of county schools. In any area which has Welsh-medium school provision, the LEA has to treat those parents seeking a Welsh-medium education as a separate population from those parents preferring education in English.

26. Responsibility for proposals to change the status, close or open a school rests in most cases with the maintaining LEA. But, in the case of a voluntary-aided school, the governors have the responsibility for initiating proposals, although the LEA can propose to cease to maintain it. In practice this means that a proposal requires support both of governors and of the LEA if it is to succeed. In all cases, consultation must be undertaken with parents, teaching and other staff and with other interested parties. There is statutory provision for local government electors to object to any proposal. Any local government electors in the area where the school population is affected may lodge objections with the Secretary of State (for Education or for Wales). If ten or more electors lodge such objections, it is for the Secretary of State to decide whether the proposal is to proceed. The process is wholly antagonistic because there is no statutory provision for supportive or other representations to be made to the Secretary of State.

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* There is a third category of LEA-maintained school, voluntary controlled schools. Their status lies between that of voluntary-aided and county schools; admission arrangements are determined in the same way as for county schools.
FIVE SCHOOLS IN AN AREA WITH SURPLUS PRIMARY CAPACITY

Plans to remove surplus places have to take account of the need to maintain separate denominational provision.

Note: All five schools serve the full primary age range

Source: Study LEA

27. The relevant Secretary of State can also choose to determine proposals to which no objections have been made. These procedures mean that in formulating and advocating proposals, LEAs have to be sensitive to the concerns of interested parties. The situation in Scotland is markedly different, in that proposals are not submitted to the Secretary of State if the school involved has more than 15% surplus places.

28. The task of the LEA in addressing these problems is hazardous. The pattern of schooling touches deep feelings and the loss of accommodation or the loss of a school are more visible than the benefits which the public draws from the associated reduction or reallocation in expenditure. A number of parties play a significant part in decisions on the removal of surplus capacity: the Secretaries of State (for Education and Science and for Wales), governors of schools, diocesan authorities, parents and the electorate. The key arbiter is the Secretary of State.
29. Most proposals for school reorganisation arouse local public opposition expressed in acrimonious public meetings, in protest demonstrations and through the electoral process. When an LEA makes proposals, the Secretary of State has the power to reject them and the exercise of that power is not always predictable. The Government has issued guidance on the preparation of proposals for submission to the Secretary of State and this guidance mentions criteria which will be used in deciding proposals. Nonetheless the criteria are not set out in a way which enables LEAs to be confident of success with any particular proposal.

30. The problems of removing surplus spaces seem to have deterred many LEAs. The need to remove surplus capacity from primary schools is not new but, to date, the measures taken to remove the surplus have not been adequate. In both the secondary and primary phases, proposals to remove 261,000 places were submitted to DES in the years 1986 to 1989 (figures disaggregated into secondary and primary are unavailable). Against the total surplus in all English schools, which is 1.8 million places, this is clearly quite inadequate.

31. LEA officers complain that one of the reasons for the low rate of LEA proposals to remove surplus capacity is that LEAs are subject to severe external inhibition. Controls on local authority capital expenditure and obstruction by the other parties in the process are often cited. The Commission has commented on the limitations which capital expenditure controls place on local authority action on a number of occasions, most recently in its reports on urban regeneration and the funding of provincial police forces (9 and 10). It has advocated the relaxation of constraints on authorities’ ability to spend capital on efficiency improvements which show a worthwhile financial return.

32. The Commission has also expressed views on the role of Central Government in respect of the reorganisation of secondary education. In 1984 the Commission said (7), “...reorganisation proposals should only be turned down in the most exceptional circumstances.” and in 1986 (8) it urged the Government to "Limit the involvement of the Secretary of State in reviewing reorganisation plans to the most controversial proposals;...” These recommendations are equally relevant to the primary phase.

33. From 1982 to 1987, the Secretaries of State for Education rejected 10.4% of the proposals which they determined. Proposals vary in scope; a single proposal can involve the closure of several schools, of one school or of none. So the figures for schools closed and for places removed give a clearer indication of the use made by the Secretary of State of his discretion. Between 1982 and 1987, the Secretaries of State rejected closure of 9.9% of the schools involved in proposals which they determined or could have determined. This entailed the retention of 13.5% of places involved in the proposals. These figures do not establish whether the Secretary of State was excessively zealous in the use of his veto partly because of their high level of aggregation and partly because of two further factors. Firstly, the figures for school closures include those which are only closures in a legal sense; if an infant and junior school merge with no change in their total accommodation, the legal position is that two schools have closed and one new one has opened. Secondly, the figures for schools closed and places taken out of use include those which were so uncontroversial that the Secretary of State did not determine them.

34. In 1987 DES issued a Circular (5) giving LEAs extensive guidance on how they should tackle reorganisation. But, in 1988 the Secretary of State rejected 20.4% of the proposals he
determined, with 28.6% of schools not closing as a result of these decisions and 51.9% of places not taken out of use. This rate of rejection offered no encouragement to LEAs to come forward with proposals. 1988 was also the year in which the Education Reform Act went through Parliament. The perception that schools proposed by LEAs for closure may be awarded grant maintained status further inhibited submissions (though so far no primary school has applied for such status and until 1st November most primary schools were not eligible for grant-maintained status because they have fewer than 300 pupils). Since 1988, the rates of rejection of LEA proposals have been lower, as table 1 shows, and the Commission is not in a position to assess the relative merits of proposals LEAs put forward. But the high rate of rejection in 1988, so soon after the Circular which was supposed to help LEAs get it right is likely to have had a demotivating effect.

### Table 1

<table>
<thead>
<tr>
<th>Year</th>
<th>% of Proposals determined &amp; rejected by the Secretary of State</th>
<th>% of Schools proposed for closure not to close</th>
<th>% of Places proposed for removal not taken out</th>
</tr>
</thead>
<tbody>
<tr>
<td>1982–1987</td>
<td>10.4</td>
<td>9.9</td>
<td>13.5</td>
</tr>
<tr>
<td>1988</td>
<td>20.4</td>
<td>28.6</td>
<td>51.9</td>
</tr>
<tr>
<td>1989 – April 1990</td>
<td>18.2</td>
<td>21.6</td>
<td>24.6</td>
</tr>
</tbody>
</table>

*Note: In the second and third columns, schools and places involved in proposals withdrawn by LEAs have been excluded from the counts of schools and places proposed for closure and removal.*

35. In addition to the statutory procedures for major changes, a number of measures have been introduced in the last few years which complicate further the task of the LEA as planner of facilities. The school system has gained some of the characteristics of a market, with parents acting as the system's clients. These measures include a right for parents to appeal against refusals to admit a pupil to a school. But the key feature is what has become known as ‘open enrolment’. Specifically, LEAs and governing bodies are not expected to limit the number of pupils at a particular school for any reason other than the physical capacity of the school.

36. Without some surplus capacity, parental choice of school would be minimal. Schools would all be full and those which parents preferred would not be able to admit additional pupils at the expense of less popular schools. Some LEAs may be tempted to respond to the problem of surplus capacity in the new operating environment by the minimalist approach of intervening to close schools only where the roll has fallen so catastrophically that the school's non-viability is indisputable. The advantage of this stance is that it gives the freest possible rein to the expression of parental choice. It can also be defended on the grounds that at a time of radical change it would be unwise for LEAs to intervene significantly until the new arrangements have had time to demonstrate their effects.

37. Whilst the effects of parental choice are an important indicator it would be rash to rely exclusively on open enrolment as a means of reducing surplus capacity. It is certainly true that open enrolment can cause less popular schools to lose pupils. Where this leads to schools marking themselves out for closure, open enrolment will lead to the removal of surplus capacity. But one
of the key policy objectives of open enrolment is to spur less popular schools to adopt standards of teaching and learning which will make them more popular. If this objective is achieved, surplus capacity will be unaffected.

38. Even if less popular schools are not spurred to emulate the standards of more popular schools, surplus capacity may persist. Primary schools display immense flexibility in the face of varying levels of resource provision and therefore may well not be forced to close as rolls fall. At all size bands, funding of schools varies substantially (Exhibit 5 overleaf). There is wide variation in the extent and quality of accommodation, in staffing and in equipment provision. The Commission’s study team has observed both relatively poorly resourced and more generously resourced schools. Whilst the quality of teaching and learning was not uniform it was clear that the less well resourced schools were not necessarily on the brink of collapse. The two schools referred to in table 2 are both viable but illustrate the extent to which resourcing can vary.

| Table 2 |
| THE RESOURCES OF TWO SIMILAR SCHOOLS |
| Pupils | Teachers (full-time equivalent) | Classroom assistants | Class-sized rooms | Halls | Woodland/garden | Computers | Pianos |
| SCHOOL A | 145 | 6 | 0 | 6 | 1 | No | 2 | 1 |
| SCHOOL B | 135 | 8 | 2 | 15 | 2 | Yes | 5 | 3 |

School A is an infant school, having pupils up to age 7; School B is a first school and has pupils up to age 9.

39. Although a drop in the pupil roll will reduce a school's funds, it is only in an extreme case that this will lead to closure. In addition the cushioning which funding formulae provide for schools which are not full and the allocations made as a function of schools' floor areas, soften the impact of a fall in pupil numbers.

40. Minimal intervention is therefore not an effective means of removing surplus capacity. Leaving surplus capacity untouched leads either to a general reduction in funding of schools or to a rise in community charge or to both. Neither outcome furthers the cause of effectiveness. By eliminating surplus spaces and thereby releasing unused resources, LEAs create the scope to apply those liberated resources to aspects of the education service which need help at a time of change.

GRANT-MAINTAINED SCHOOLS

41. LEA officers (and some members) argue that the ability of schools to opt for grant-maintained status makes it more difficult to close schools or rationalise capacity. And certainly a number of those schools which have chosen the grant-maintained route have done so after facing a closure or reorganisation proposal from the LEA. The right to apply to opt out now extends to all primary schools. There is, therefore, a risk that LEAs will not seek to rationalise capacity for fear of provoking parental ballots.
Exhibit 5

LMS FUNDING ALLOCATIONS TO SCHOOLS OF DIFFERENT SIZES

At all size bands, funding of schools varies substantially.

Source: 1990-91 Budget returns from 21 Counties and 15 Metropolitan Districts
42. It would be unfortunate were all LEAs to take that approach. If so, surplus capacity would remain endemic in the systems, with high costs in both financial and educational terms. The Secretary of state has made it clear that grant-maintained status is not intended to keep in being non-viable schools. It is to be hoped that his decisions on proposals put to him from under-utilised or very small schools reflect that view.

THE WAY FORWARD

43. The need to release resources wasted in surplus capacity and apply them to means which will maintain and improve school effectiveness constitutes a compelling case for action to tackle surplus capacity. So long as excessive surplus capacity remains, it absorbs charge payers' contributions intended to support pupils' education. Parental choice will provide indications to the LEA, but is unlikely of itself to drive waste out of the system. LEAs must assume the initiative as the planner of facilities.

SUCCESS FACTORS IN SCHOOL RATIONALISATION

44. All of the available evidence argues that the Commission's recommendations for rationalising secondary education (7 & 8) are relevant in the primary phase. The five steps identified as essential to an LEA's review of local options are applicable:-

(i) Determine the nature and extent of the potential problem for the authority as a whole, making a range of assumptions about key demand variables such as new local housing development. These will need to be shown on a division by division or town by town basis.

(ii) Determine the cost of doing nothing in financial and educational terms, before any options are considered.

(iii) Agree in advance the main decision criteria. These will almost certainly need to be a mixture of educational and logistics e.g. maximum and minimum sizes for particular classes, acceptable maximum travelling distances and times, a policy on the availability of Welsh-medium and English-medium education in Wales.

(iv) Identify and cost the main options. In addition to the effects on revenue budgets, the evaluation should take account of the opportunity cost of continuing to occupy the building and grounds (i.e. what the property might be worth to another user), and the value of any out-of-school uses to which the buildings are put.

(v) Evaluate the options both in educational and financial terms, taking into account the possible risks (e.g. that demand may not be as projected, for given reasons) and the timing of changes, calculating the revenue profiles of the various choices.

By these means, LEAs will not be guaranteed success, but will have made sure that their proposals have the characteristics which are the critical preconditions of success.

THE CONTRIBUTION OF TEMPORARY ACCOMMODATION

45. A key first step should be a review of temporary accommodation. One County with a primary accommodation surplus of 17% compared with pupil rolls, has 16% of its accommodation
in temporary buildings. Removal of temporary buildings would reduce that surplus without requiring school closures, but would release funds for redeployment to other uses.

46. Moreover temporary accommodation has consequences which are generally viewed as educationally disadvantageous:-

— pupils and staff in temporary classrooms are separate from the main school

— movement from them to other parts of the school such as toilets is difficult, particularly in bad weather

— shared accommodation such as the hall and the playground may not be adequate for the increased pupil numbers which temporary classrooms permit.

Ideally, temporary accommodation should be used only to meet temporary needs, for example during the construction of permanent buildings.

47. Some schools have both surplus capacity and temporary buildings. In such schools removal of temporary buildings should be an uncontroversial course of action. The removal of temporary buildings becomes controversial where an area's surplus capacity is in the permanent accommodation of its less popular schools. In the situation illustrated in exhibit 6, removal of the 30-place classroom at school D should be straightforward but further removal of temporary accommodation could be achieved only after falls in the pupil rolls at schools A and B. This would require a reduced maximum intake size to be applied at the popular school for a few years, thus denying some of the parental preference for it. If LEAs retain temporary classrooms in

Exhibit 6
A GROUP OF FOUR SCHOOLS WITH TEMPORARY CAPACITY

In an area, one school can have surplus capacity whilst others have extensive temporary accommodation...

Note: All five schools serve the full primary age range
Source: Study LEA
popular schools in order to satisfy parental choice, they should be alert to both the financial and educational price of doing so.

48. An LEA may choose to keep temporary accommodation at full schools – even when alternative accommodation is available in other schools – and seek to close less popular schools, thus 'running with the tide' of parental preference. This choice can generate proceeds from the sale of premises if the LEA is prepared to close the less popular schools. However, expenditure is likely to be needed at the more popular schools, to improve and enlarge them. The balance of costs differs from case to case but this alternative may be more costly to community charge payers than the removal of temporary classrooms.

49. The closure of a less popular school in preference to the removal of temporary accommodation from a more popular school curtails parental choice. Any parents who still prefer the less popular school are denied their preference and the closure removes the possibility of a future generation of parents choosing the currently less popular school.

RECONSIDERING THE STRUCTURE

50. LEAs should be bold in identifying imaginative options for reducing surplus capacity. Exhibit 4 enables an approach to be illustrated. One way of reducing the surplus places would be the closure of school C and the relocation of the denominational provision of schools B and D to the site of C. This might involve the establishment of an ecumenical school or the establishment of two schools sharing the same site. Alternatively there could be merit in reviews across the whole LEA of each denomination's school provision.

51. Many LEAs have identified worthwhile options by looking at the interaction between different phases of education. For instance if there is surplus capacity in a linked pair of an infant and a junior school, a merger of the two is an option. Such a merger, like other school mergers, has the advantage of saving some of the fixed-cost element in the budget. Unlike mergers between infant schools, they rarely require pupils to travel increased distances to school, because infant and junior school pairs are often on the same site and even where they are not they are sited to serve the same catchment areas.

52. Among the educational advantages asserted for infant/junior school mergers are the strengthening of curriculum continuity and the greater likelihood that the merged school will have an appropriate range of curricular expertise amongst its staff. Social benefits are perceived through younger and older children being educated together and all-through primary schools are claimed to offer better scope for school-parent relationships because parents deal with only one school during their children's primary career.

53. The main disadvantage asserted against a merged junior and infant school is that it may become too big, creating educational and management difficulties. But excessive size is unusual where the pair of schools has surplus capacity.

THREE-PHASE SYSTEMS

54. Some LEAs in England operate first, middle and high schools rather than primary and secondary schools. If the first schools have surplus capacity, a reduction in the number of first schools will, as in the infant school case, increase pupil journeys. Alternatively, extending the
age range of the first schools will take up surplus capacity without increasing journeys to school.
This requires a wholesale review of the possibility of changing from a three-tier to a primary/secondary system, transferring older middle school pupils to high schools. As with many other organisational issues in education, there is no clear-cut evidence that effectiveness is better served by a two-tier system than by a three-tier system or vice versa. But transferring to a two-tier system presents five key attractions:-

1) it removes the misalignment which a three-tier system has in relation to the key stages and ages of assessment for the national curriculum
2) it can tackle surplus capacity in all phases simultaneously
3) it can reduce home-to-school journeys for older primary-aged pupils, because middle schools commonly serve wider catchment areas than first, infant/junior or all-through primary schools
4) it can remove the difficulty experienced by middle schools with falling rolls in sustaining an appropriate range of specialist subject teaching for their secondary-age pupils
5) it may release whole sites.

55. Re-organisation into a two-phase system has the effect of requiring younger secondary-aged pupils to travel further because high schools are more thinly spread than middle schools. But journeys will not be generally any longer than those made by secondary pupils in areas with two-tier provision.

56. Such a change will not be appropriate in all cases. If a significant number of first schools or of high schools cannot readily be adapted to their new functions, this will reduce the attractiveness of the change. Nonetheless one LEA has decided that a change from a three-tier to a two-tier system is its preferred strategy for a large city and put forward an impressive – and largely popular – case. Others should consider the option.

WINNING THE ARGUMENT

57. The Commission’s fieldwork on primary education has also highlighted the importance of good practice in public advocacy of proposals. When proposals have been formulated for public consultation, they need to be argued positively. No reorganisation proposal will be universally popular. But LEAs need to ensure that they do everything possible to win public support.

58. Advocacy of proposals should feature prominently the reasons which prompt the proposals. LEAs need to avoid bureaucratic or jargon-ridden language. If the purpose includes the securing of financial gain for the LEA, this should be declared and the financial case should be set out. If there are educational gains, these should be illustrated in clear terms. If there are other benefits for the community, such as the transfer of premises from school use to other social uses, these should be described – although the financial evaluation will need to take account of the opportunity cost of such transfer.

59. Relevant statistical and financial data should always be presented to consultees and the presentation should be straightforward. The Commission team has encountered presentations which were confusing and a consultation document which lacked any data. In two instances the financial information lacked any estimate of the likely receipts of capital funds as a result of disposal of school premises.
60. Once an LEA has secured public support for reorganisation proposals, it can try to draw upon that support in advocacy of the proposals to the Secretary of State. Statements of support can certainly be included within LEA submissions of proposals.

THE COSTING OF CLOSURE PROPOSALS

61. Although the Commission’s earlier recommendations on schools reorganisation continue to be relevant, one aspect – the costing of options – requires revision because of the introduction of LMS.

62. Costing needs to be carried out at the level of a particular geographical area. A distinct area within a conurbation, a small town or a group of villages are common choices but one of the study LEAs judged it necessary to address the issue of provision throughout a large city. The area should be defined so that interaction between the schools within the area and schools elsewhere is slight. Within the defined area the costing will be derived from an analysis of surpluses and shortages both currently and in future, paying due regard to projected birth rates, new housing, population movement and changes in the age profile.

63. Table 3 shows the pupil rolls of six schools together with the elements of their 1990-91 budget allocations determined by the LMS formula of their maintaining LEA. All six schools are in the same town which measures only two miles across. The maintaining LEA’s assessment of their total capacity is 1800 places (according to the DES definition the total capacity is 1940 places) and they serve a pupil population of 1331.5 fte pupils. Schools A, C, F and G have nursery units, thus entitling them to a higher fixed cost budget element than the other schools.

<table>
<thead>
<tr>
<th>SCHOOL</th>
<th>NUMBER OF PUPILS</th>
<th>CONTRIBUTION TO 1990-91 FUNDING ALLOCATIONS (IN £ THOUSANDS) FROM THE FOLLOWING FACTORS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Pupil nos.</td>
</tr>
<tr>
<td>A</td>
<td>360</td>
<td>232.5</td>
</tr>
<tr>
<td>B</td>
<td>230</td>
<td>192</td>
</tr>
<tr>
<td>C</td>
<td>240</td>
<td>159.5</td>
</tr>
<tr>
<td>D</td>
<td>265</td>
<td>180</td>
</tr>
<tr>
<td>E</td>
<td>270</td>
<td>213</td>
</tr>
<tr>
<td>F</td>
<td>210</td>
<td>194</td>
</tr>
<tr>
<td>G</td>
<td>225</td>
<td>160.5</td>
</tr>
</tbody>
</table>

Total 2732.6

Notes: The smallness factor is a factor built into the formula to cushion smaller schools from the effects of per capita funding

64. School D has 265 places; so closing it would reduce surplus capacity in the town from 470 to 200 places, enough to allow considerable expression of parental preference amongst the remaining schools. A conservative estimate can be made of the saving in revenue expenditure by referring to four budget elements: smallness, fixed cost, premises and energy, but ignoring the
saving in the rates element because it would be partially offset by an increased rates liability as a
result of the return to use of currently vacant accommodation in the remaining schools. The
estimated reduction in revenue costs is shown in table 4. Once again, all figures are given in £
thousands and are calculated with reference to all schools. Savings derive not only from the direct
closure of school D but also from the redistribution of the pupils from school D to other schools.

Table 4
COST SAVINGS FROM THE CLOSURE OF SCHOOL D

<table>
<thead>
<tr>
<th></th>
<th>Smallness</th>
<th>Fixed cost</th>
<th>Area</th>
<th>Energy</th>
</tr>
</thead>
<tbody>
<tr>
<td>With School D</td>
<td>15.9</td>
<td>97.6</td>
<td>30.9</td>
<td>36.7</td>
</tr>
<tr>
<td>School D closed</td>
<td>4.9</td>
<td>88.1</td>
<td>26.8</td>
<td>29.0</td>
</tr>
<tr>
<td>Saving</td>
<td>10.7</td>
<td>9.4</td>
<td>4.1</td>
<td>7.7</td>
</tr>
</tbody>
</table>

Note: all costs are in £ thousands
=> Total recurring saving is £32,000 per annum

65. This particular closure need not involve any capital outlay but it would almost certainly
involve a substantial capital receipt from the disposal of the site of school D.
2. Small Schools

66. Surplus capacity and small schools are obviously closely linked. But there are particular features of the small school problem which merit separate consideration.

DO SMALL SCHOOLS REPRESENT VALUE FOR MONEY?

67. The bulk of spare capacity is found in urban areas. In rural areas, a key consideration for LEAs as planner of facilities is the location of small schools. In some areas small schools are certainly necessary and most will attract fierce support if there is any suggestion that they be closed. But the education of primary pupils in small schools is significantly more expensive than elsewhere. Provided that home-to-school transport costs are modest, the closure of poorly justified small schools would release funds which LEAs could use to improve quality in the education system as a whole.

68. There is no accepted definition of a small school, but the threshold size below which unit costs begin to rise steeply is usually between 80 and 90 pupils (exhibit 7). Taking 90 as the threshold, 14.5% of schools were "small" in January 1989 and 5.1% of primary pupils attended them.

Exhibit 7
BUDGET ALLOCATIONS OF SCHOOLS OF DIFFERENT SIZES
Unit costs rise substantially below about 80 to 90 pupils.

Source: Budget allocation statements for 1990-91 for all primary schools in 31 County Councils and 15 Metropolitan Districts
69. The distribution is uneven between counties (exhibit 8). But, interestingly, this unevenness is not reflected in County spending budgets (exhibit 9). So large schools in counties with many small schools tend to have lower per-pupil funding than similar schools in LEAs with few small schools (exhibit 10). The introduction of formula funding has made this distribution of resources more explicit, which may generate tension between areas with significantly higher and lower per-pupil allocation.

Exhibit 8
SMALL SCHOOLS AND PUPILS ATTENDING THEM IN THREE COUNTIES
The percentage of provision in small schools varies between counties

Exhibit 9
THE AVERAGE COST PER PRIMARY PUPIL IN COUNTIES
Cost is unrelated to the percentage of small schools

70. Evidence about the educational worth of small schools is unclear, not least because currently available research evidence pre-dates the introduction of the national curriculum. Research studies have analysed results of tests of pupil attainment\(^{(11)}\), the curriculum\(^{(11,12,13)}\) and HMI inspection reports of the quality of education\(^{(14} \& 15)\). None of these studies has shown a clear educational advantage or disadvantage for small schools. But small schools have a characteristic which is important in parents' assessment of quality: small classes (see exhibit 11).
Exhibit 10

AVERAGE LMS FUNDING OF LARGE SCHOOLS AGAINST THE % OF SMALL SCHOOLS IN 36 LEAs

Funding of large schools tends to be lower in LEAs with many small schools.

Note: Small schools defined as fewer than 90 pupils
Large schools defined as 300 pupils or more
Source: 1990-91 Allocations in 21 counties and 15 Metropolitan districts

Exhibit 11

AVERAGE CLASS SIZES IN SCHOOLS OF DIFFERENT SIZES

Small schools have smaller classes

Source: Schools' returns to Audit Commission questionnaire

Small classes are often cited as a valued advantage of small schools. Smallness of classes was also given as a major reason for parental preference in independent schools in a recent MORI survey. Small classes are only possible in small maintained schools and in independent schools because of the relatively higher expenditure of these schools.

71. The establishment of the national curriculum has two significant consequences for small schools. Pupil assessment and testing may in time yield firmer evidence than is available at present on the relative effectiveness of small schools and other schools. Secondly, the national curriculum includes specific stipulations of programmes of study in particular subject areas. Small
schools are less likely to have the required range of subject expertise amongst their teaching staffs than larger schools. Responses to the Commission’s questionnaire to primary schools in its study of LEAs, show that the subject expertise present within the teaching staffs of small schools is less comprehensive than the position in large and medium-sized schools (exhibits 12 and 13).

Exhibit 12
PRESENCE OF TEACHER SUBJECT EXPERTISE IN SCHOOLS OF DIFFERENT SIZES (excluding courses <30 hours)
For all subjects, smaller schools are more likely to lack expertise.

Exhibit 13
TEACHER EXPERTISE IN CURRICULUM SUBJECTS AMONGST TEACHERS IN THREE SCHOOLS OF DIFFERENT SIZES
The smaller the school, the narrower its range of expertise.
### THREE SCHOOLS IN THE SAME COUNTY - TEACHERS' RESPONSIBILITIES AND INCENTIVE ALLOWANCES

Schools A and B have greater scope to allocate responsibilities in support of the curriculum.

<table>
<thead>
<tr>
<th></th>
<th>SCHOOL A</th>
<th></th>
<th>SCHOOL B</th>
<th></th>
<th>SCHOOL C</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Staff</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>SCHOOL A</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees</td>
<td>527 pupils</td>
<td>243 pupils</td>
<td>43 pupils</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Teachers</td>
<td>21 (20fte) teachers</td>
<td>12 (9.6fte) teachers</td>
<td>4 (3.1fte)teachers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Responsibilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Headteacher</td>
<td>School management and administration</td>
<td>Whole time</td>
<td>School management and administration, science, technology</td>
<td>Whole time</td>
<td>School management and administration, Maths, Language, PE and Games</td>
<td>1.5 days per week</td>
</tr>
<tr>
<td>Deputy Head(s)</td>
<td>1. English, Media, recording pupils' progress</td>
<td>6 hours per week</td>
<td>RE</td>
<td>0.5 hpw</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2. Library, Technology</td>
<td>6 hpw</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Incentive ‘C’</td>
<td>Maths, computer</td>
<td>3 hpw</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Incentive ‘B’</td>
<td>1. English</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2. History, Geography</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3. Music</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>4. Pastoral Care, Special Needs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>5. Audio-visual</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Incentive ‘A’</td>
<td>1. Science</td>
<td></td>
<td>Language, Music</td>
<td>0.5 hpw</td>
<td>Infant department, Assistance to Headteacher</td>
<td>20 mins/week</td>
</tr>
<tr>
<td></td>
<td>2. RE</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3. Art, Games</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Main Grades</td>
<td>8 teachers share responsibilities for Health Education, drama, out-of-school activities and assist incentive allowance holders in curricular area</td>
<td>All 2 hpw</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Source:** School returns to Audit Commission questionnaire
72. Smallness also limits a school's scope in the allocation of curricular and other responsibilities amongst teachers (Exhibit 14 on previous page).

73. Small schools have fewer facilities and resources on site compared with those of larger schools. (Exhibit 15). A school without a hall will be able to offer only a limited programme of physical education, and physical education is one of the foundation subjects of the national curriculum. In addition, it is generally agreed that children benefit from the intellectual stimulus of interaction with children of their own age and that one of the purposes of education is to develop children's social skills. It is not uncommon for a pupil in a small school to have no fellow-pupils of the same gender within the same year group.

Exhibit 15
PERCENTAGE OF SCHOOLS WITH HALLS COMPARED TO THEIR SIZE
Small schools are more likely to lack a hall.

Source: Schools' returns to Audit Commission questionnaire

74. A review of the distribution of small schools against need concerns not only people living in the affected communities. If small schools are maintained where they are not justified, funds are pre-empted to provide an expensive form of education for a minority of pupils who have no particular claim on the extra resources involved. The education of pupils attending such schools is funded at a per pupil rate on average 34% greater than the education of other pupils. The closure of expensive and unjustified small schools would liberate resources which could be well used to enhance the quality at education elsewhere. The funds involved belong to the whole LEA and include contributions from all its chargepayers.

75. There are thus cost and educational reasons for viewing small schools as questionable. They should be maintained only where there are countervailing reasons which support their presence. In some areas it is unclear that these countervailing reasons are present or sufficiently strong. The two bar charts of Exhibit 16 illustrate the provision of schools in two rural parts of the same county. The first bar chart refers to a relatively sparsely populated area of the county. In this area, school provision has been concentrated in the parishes where the population of primary aged children is highest. In the area to which the second bar chart refers, no such
Exhibit 16

**PRIMARY SCHOOLS IN PARISHES IN A SPARSELY POPULATED AREA OF AN LEA**

Small schools are generally in the more populous parishes.

**PRIMARY SCHOOLS IN PARISHES IN A MORE DENSELY POPULATED AREA OF THE SAME LEA**

Most parishes have schools irrespective of population.

*Source: Audit Commission analysis of LEA and OPCS data*

Concentration has taken place and the majority of parishes have schools. It is unlikely that all of the schools in the second area are located in the parishes where they are most justified.

**A SYSTEMATIC APPROACH TO PLANNING OF SMALL SCHOOLS**

76. The reasons for maintaining small schools are rarely financial. Amongst the reasons cited in the study LEAs are:

- the strength of the local community
- the contribution of the community to the life of the school
- the contribution of the school to the life of the community
- the difficulty and cost for pupils in travelling to alternative schools.
77. There is no absolute yardstick against which these characteristics can be measured but this does not prevent systematic assessment of them. Exhibit 17 shows a proforma for reviewing the characteristics of communities (whether they currently have small schools or not). It brings together characteristics of schools and communities which have been cited to the Commission study team as relevant to the case for maintaining a small school. An LEA could use it or a similar approach throughout its area to assess where a small school is justified. The choice of items to include in the assessment and the points weightings assigned to each item are matters of judgment and different LEAs may wish to adapt it to their own requirements.

Exhibit 17
ASSESSING A COMMUNITY’S NEED FOR A PRIMARY SCHOOL – A POSSIBLE SCHEMA

<table>
<thead>
<tr>
<th>Demography</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Are there more than 50 pupils of primary age in the community?</td>
<td>20</td>
</tr>
<tr>
<td>2 Has there been or is there now a substantial amount of new housing (more than 20 houses)?</td>
<td>20</td>
</tr>
<tr>
<td>3 (For a community which has a school) Is the turnover of pupils (apart from those at the age to leave the school) low (i.e. less than 5% per year)?</td>
<td>10</td>
</tr>
</tbody>
</table>

| Isolation                                                                 |        |
| 1 Is the nearest centre with a population greater than that of the community more than 2 miles away? | 20     |
| 2 Is there no regular bus or train service to other communities or the nearest town taking less than half an hour to get there? | 5      |

| Integrity                                                                 |        |
| 1 (For a community which has a school) Do fewer than 10% of the children in the catchment area attend other schools? | 10     |

| Social                                                                    |        |
| 1 Does the community have: a pub                                          | 5      |
| a church or chapel                                                        | 5      |
| a post office                                                            | 5      |
| a shop?                                                                  | 5      |
| 2 Does the majority of the population of working age work within the community or within a couple of miles? | 10     |

| The School in Relation to the Community                                    |        |
| 1 Are the school’s premises used as the village hall? Or by any other users (points for each user) | 5      |
| 2 Does the school’s fund-raising exceed £500 annually?                     | 5      |
| 3 Do any volunteer work in the school other than parents? (points for each) | 5      |
| 4 Does the school have a parents’ and friends’ association?                | 5      |
| 5 Does the community hold fund-raising events for the school (points for each event) | 5      |

78. The cost of educating a child in a small school is significantly greater than in a large school; it follows that an LEA with poorly justified small schools should investigate options for
rationalising provision. Exhibit 18 shows the disposition of nine rural schools of which the majority are small. For each of the schools, it shows the budget allocation per pupil derived from the maintaining LEA’s LMS formula. The LEA has evaluated a number of options designed to reduce the number of pupils studying in small schools.

Exhibit 18
NINE RURAL PRIMARY SCHOOLS: PUPIL ROLLS AND BUDGET ALLOCATIONS PER PUPIL
In one area eight of the schools are small

79. For each option the evaluation began with an estimate of the changes in schools’ funding which would result from the implementation of that option. One of the options is to close school D and transfer all its pupils to surplus accommodation at school C. This would save the budget allocation of school D, which is £85,900. The effect on school C’s annual funding was assessed from the sub-formulae within the LMS formula and is shown in table 5:

Table 5
THE COSTS OF RUNNING SCHOOL C, BEFORE AND AFTER AMALGAMATION WITH SCHOOL D

<table>
<thead>
<tr>
<th></th>
<th>Teaching staff</th>
<th>Support staff</th>
<th>Caretaking &amp; cleaning</th>
<th>Maintenance</th>
<th>Rates</th>
<th>Water</th>
<th>Furniture</th>
<th>Consumables</th>
<th>Other</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>School D open</td>
<td>67.8</td>
<td>7.1</td>
<td>62</td>
<td>0.7</td>
<td>1.4</td>
<td>0.4</td>
<td>0.7</td>
<td>2.7</td>
<td>9.1</td>
<td>96.1</td>
</tr>
<tr>
<td>School D closed</td>
<td>98.3</td>
<td>11.1</td>
<td>7.3</td>
<td>1.3</td>
<td>1.6</td>
<td>0.7</td>
<td>1.1</td>
<td>4.5</td>
<td>9.1</td>
<td>135.1</td>
</tr>
</tbody>
</table>

Note: All costs are in £ thousands
80. The increase in school C's operating costs from the implementation of this option is thus £39,000. The LEA deducted this increase and its estimate of the increased cost of transporting pupils, £16,000, from the £85,900 gross saving. Assuming that existing teachers redeploy or retire, this yields a net revenue saving of £31,000. Securing this saving would require minor capital works at school C costing £4,000. Other options should be compared. Results for three of them are shown in table 6.

Table 6
COSTINGS OF THREE OPTIONS FOR THE SCHOOLS IN EXHIBIT 20

<table>
<thead>
<tr>
<th>OPTION:</th>
<th>Close D</th>
<th>Close H</th>
<th>2 – school option</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue saving from school closure(s)</td>
<td>86</td>
<td>68</td>
<td>651</td>
</tr>
<tr>
<td>Budget increase for receiving school(s)</td>
<td>39</td>
<td>21</td>
<td>415</td>
</tr>
<tr>
<td>Increased transport</td>
<td>16</td>
<td>8</td>
<td>88</td>
</tr>
<tr>
<td>Net revenue saving</td>
<td>31</td>
<td>39</td>
<td>148</td>
</tr>
<tr>
<td>CAPITAL COST</td>
<td>4</td>
<td>0</td>
<td>1750</td>
</tr>
</tbody>
</table>

Note: All costs are in £ thousands

81. The options in which D only or H only are closed, were costed on the assumption that pupils would transfer to C. The two-school option would entail closing school F, transferring its pupils to A, and at the same time replacing schools B, C, D, E, G, H and J with a new school. The nature of LMS formulae mean that financial appraisals of potential organisations should be tested against a range of realistic estimates of pupil numbers.

82. Achievable cost savings depend on the options which are feasible locally. To estimate achievable savings nationwide, references must be made to actual budget allocations to schools for 1990-91. For 36 LEAs outside London, the average allocation per pupil is £1,473 for schools with fewer than 90 pupils and £1,096 for schools with 90 pupils or more, a difference of £377. The difference between these two unit costs provides a conservative estimate of the saving from transferring a pupil from a small school to another school. The case described in exhibit 18 involved reductions in unit costs of up to £500 per pupil. Assuming that rationalisation amongst small schools could eliminate half of existing places and allowing for additional transport costs, the estimate of revenue expenditure released is £20 million.

SUCCESS IN CLOSURE

83. The procedure for closing small schools is the same as that for other major changes to provision such as significant changes in capacity and the opening of new schools. But many small school proposals excite even stronger local opposition than is prompted by other proposals to change capacity. As well as the general points about advocacy argued previously, a preliminary inspection by the LEA's inspection service may help to illuminate the case for or against closure.

84. School closure proposals can be successful and the replacement schools often persuade former opponents of their educational as well as financial worth. Suffolk County Council proposed a new school to replace four previous village schools. The County Architect's advice
was that over five years it would cost more than £40,000 to meet the maintenance needs of theour schools without making any improvements. Nevertheless the closures were stoutly resisted.
The LEA's proposals were successful and Ickworth Park County Primary School opened in
Autumn 1989. In the vast majority of cases parents transferred their children to the new school
and parental involvement has been high.

85. The new school had a roll of 139 in the summer term of 1990, and a staffing complement
of 6.1. Previously the combined staffing complement of the four small schools was 10.1. With
six staff operating in one school there has been a saving in human resources in terms of the overall
number of staff that need to be employed by the Authority. On the other hand it is now possible
to provide a wider range of teaching skills than that available in the smaller 2 or 3- teacher schools,
and therefore bring greater expertise to bear across a wider range of subjects in the national
curriculum. Ickworth Park School operates on the basis of 5 classes of no more than 29 pupils at
its peak roll in the summer term; these classes are larger than they were in the four smaller schools
but the spread of ages within each class is smaller and peer groupings are larger. Pupils from the
villages served by the new school receive free transport if they live more than 2 miles away and
the distances for most children are greater than they were when the four schools were open. This
additional transport partly offsets the savings in the number of teachers employed. The design
of the new building reflects the current demands of the primary curriculum, and offers easy access
for all pupils to activity, library and physical education spaces. Exhibit 19 shows the comparison.
Exhibit 20 refers to another successful replacement of former small schools.

Exhibit 19

FACILITIES AT ICKWORTH PARK SCHOOL, SUFFOLK AND IN THE FOUR
SCHOOLS IT REPLACED

There are significant enhancements compared with all the former schools.

<table>
<thead>
<tr>
<th>Former schools</th>
<th>New school</th>
</tr>
</thead>
<tbody>
<tr>
<td>Five classes out of eight in temporary accommodation</td>
<td>All classes in permanent accommodation</td>
</tr>
<tr>
<td>Toilets in temporary buildings separate from main</td>
<td>Toilets integrated in main school building</td>
</tr>
<tr>
<td>buildings</td>
<td></td>
</tr>
<tr>
<td>Activity areas all combined with other uses e.g.</td>
<td>One activity area for every two classrooms</td>
</tr>
<tr>
<td>office, dining</td>
<td></td>
</tr>
<tr>
<td>No library or library combined with other functions</td>
<td>Purpose-built library</td>
</tr>
<tr>
<td>No hall or hall combined with other functions</td>
<td>Purpose-built hall</td>
</tr>
<tr>
<td>No on-site playing field or playing field smaller</td>
<td>Large on-site playing field</td>
</tr>
<tr>
<td>than required in DES Regulations</td>
<td></td>
</tr>
<tr>
<td>Hard paved areas all smaller than required in</td>
<td>Hard paved area of good size and quality</td>
</tr>
<tr>
<td>Regulations</td>
<td></td>
</tr>
</tbody>
</table>
SCHOOL CLUSTERS

86. Even where there is a strong educational and financial case for small school closure, it is usually resisted. 'Clustering' of schools, i.e. the establishment of co-operative arrangements between schools, has been put forward as an alternative to closure for small schools. Current practice indicates that clustering is at best an incomplete alternative.

87. The forms and extent of co-operation within clusters vary widely but shared activities include:

— joint in-service training for teaching staff
— co-operation for sport, music and certain other areas of pupils' work
— adoption of common teaching themes between schools
— exchange of teaching staff
— shared visits and field trips
— employment of peripatetic staff to support all the schools in the cluster
— joint purchase and use of expensive supplies and equipment.

88. All of these types of co-operation are valuable but they cannot be viewed as measures specifically to support small schools because they are widespread amongst schools which are not small – for example joint in-service training or the employment of peripatetic staff. Beyond these areas the Commission's investigations of clusters mostly showed co-operation which is insubstantial. Exhibit 21 collates information about the teaching staffs of three schools in a cluster which has benefited from a share of Central Government's Education Support Grant awarded to its maintaining LEA to support rural primary schools. The main subjects studied in the teachers' initial training leave considerable duplication across the cluster. For example, three
of the 11 teachers had studied RE as a main subject but none had studied mathematics or technology. Science was represented by one teacher who had taken biology as a special subject. Allocations of teacher responsibilities do not appear rational even in terms of each school's individual needs.

Exhibit 21
THE STAFFS OF THREE SCHOOLS IN A CLUSTER
The staffing of the schools does not reflect the needs of the cluster.

<table>
<thead>
<tr>
<th>SUBJECT</th>
<th>SCHOOL A</th>
<th>SCHOOL B</th>
<th>SCHOOL C</th>
<th>WHOLE CLUSTER</th>
</tr>
</thead>
<tbody>
<tr>
<td>English</td>
<td>1 teacher</td>
<td>0</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>Mathematics</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Science</td>
<td>0</td>
<td>1*</td>
<td>0</td>
<td>1*</td>
</tr>
<tr>
<td>History</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Geography</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Technology</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Art</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Music</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>PE</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>RE</td>
<td>0</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
</tbody>
</table>

*Biology only

<table>
<thead>
<tr>
<th>SCHOOL A</th>
<th>SCHOOL B</th>
<th>SCHOOL C</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Headteacher</td>
<td>Headteacher, Mathematics, Science, IT, Outdoor Education</td>
<td>Headteacher</td>
</tr>
<tr>
<td>2 First Aid, IT drama</td>
<td>Staff development, child abuse, language</td>
<td>Choir</td>
</tr>
<tr>
<td>3 Recorder, sewing, crafts</td>
<td>Infant department, Art and craft</td>
<td>Swimming</td>
</tr>
<tr>
<td>4</td>
<td>Music, Special needs</td>
<td>Introduction of national curriculum key stage 1*</td>
</tr>
</tbody>
</table>

*('A' incentive allowance)

Note: No responsibilities for: History or Geography

Source: Study LEA
89. If co-operation between schools is to make a favourable impact on the organisational
disadvantages of small schools, it will have to be extended by schools voluntarily giving up some
of their autonomy for the good of the cluster. Most importantly this will have to affect teacher
staffing. Schools within clusters will need to co-operate with each other in appointments
procedures, from identification of staffing needs through to selection and appointment. Until
they do so, clustering will not make good the organisational and expertise deficiencies which
smallness generates.

90. The team encountered no forms of co-operation which reduced the high costs of small
schools; indeed most of what was observed incurred small additional costs. Some expenditure
labelled as supporting co-operation was in practice simply an injection of extra resources to the
small schools, e.g. a peripatetic teacher. Co-operation such as the team came across could not
be viewed as obviating the need to consider closures, but it could reinforce schools when closure
was not judged to be possible.

**A STRATEGY FOR ACTION**

91. In fulfilling their role as planner of facilities, LEAs should pursue the following 6 steps:-

(i) prepare a policy statement of the criteria which entitle a community to a primary school
(ii) review which of the LEA's small schools are justified in terms of these criteria
(iii) formulate options for removing any small schools which are poorly justified against the
criteria
(iv) appraise these options in terms of their practical implications (e.g. for pupil transport)
and taking account of all cost elements
(v) seek to implement options for closure
(vi) for small schools which it is either impractical or undesirable to close, encourage
co-operative arrangements including areas such as staff appointments.
Conclusion

92. In its paper *Losing an Empire, Finding a Rôle: the LEA of the Future*, the Commission mapped out a number of elements of the LEA's rôle following the Education Reform Act. The Commission has drawn on some of those themes in this study of primary education. Surplus capacity and small schools are areas where unproductive money could be redeployed. The LEA has a responsibility to take the initiative to bring about that redeployment. The new operating context means that the LEA as "planner" has, more than ever, to be alert to local circumstances wherever they seek to effect change.

93. For LEAs to succeed in making primary school provision more efficient, it is important that the Secretaries of State exercise their powers supportively. The Secretaries of State are obliged to judge LEA proposals on their merits. But they should give greater weight than is apparent from the available statistical evidence to policies for removing surplus places; and they should be sensitive to the risk of discouraging LEAs from putting forward closure proposals by creating the impression that these are more likely to be rejected than approved.

94. Excessive surplus capacity and unjustified small schools waste money and add no value to overall educational effectiveness. A good school can always make demonstrably beneficial use of new resources. If some of that wasted money can be released, the management process in good schools is a mechanism to use funds to improve educational effectiveness. The theme of good management within primary schools will be taken up in the companion paper to this one: *Management within Primary Schools*. 

Management within Primary Schools*
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     conducted for the Independent Schools Information Service.
Activity area: Teaching area, usually too small to serve as a classroom, used for particular learning activities.

CDT: Craft, Design and Technology

Classroom assistant: Assistant to class teacher, usually not a qualified teacher.

Closure day: Day on which pupils are absent from school but on which teachers are required to attend for in-service training.

Cluster: A group of schools which share activities and personnel

DES: Department of Education and Science; the government department with responsibility for education in England

ERA: Education Reform Act 1988

ESG: Education Support Grant, a specific grant paid by central government to an LEA to carry out specific educational activities. Always involves a prior bid from the LEA to secure the grant and a supplement to the expenditure from the LEA's own resources.

fte: Full-time equivalent

GEST: Grants for Education Support and Training. Scheme of grant to be introduced from April 1991 to replace both ESG and LEATGS.

HMI: Her Majesty's Inspector (or Inspectorate) of Education

Incentive Allowance: Salary supplement payable to a teacher in addition to main scale salary in recognition of special responsibilities or of outstanding classroom teaching. There are five different allowances, A to E, of which no teacher receives more than one.

LEA: Local Education Authority

LEATGS: LEA Training Grant Scheme. Scheme of grant similar to ESG but applied only to in-service training

LMS: Local Management of Schools. A management structure for schools introduced in the 1988 Education Reform Act. It applies in all schools maintained by LEAs other than nursery schools and special schools. LMS involves funding of all LEA schools by means of a formula and delegation of management authority to governors of most schools. Delegation is statutorily required for all LMS schools other than primary schools with fewer than 200 pupils on roll.

Mixed-age class: Class in which the ages of pupils span a longer period than 1st September one year to 31st August of the next.
Non-contact time: That part of a teacher's week when pupils are present in school when the teacher is not in contact with pupils. Many primary school teachers have no such time.

OPCS: Office of Population Census and Surveys

PE: Physical Education

Phase: A section of education provision catering for a particular age group; eg the primary phase, the secondary phase.

RE: Religious Education

Reception class: Class of pupils who were aged 4 on 1st September at the beginning of the current school year.

Single-age class: Class in which the birth dates of all the pupils fall within the same academic year.

Standard Spending Assessment: Official assessment by Central Government of a local authority's need to spend on its services. Used in calculating the allocation to the authority of Central Government funds and of National Non-Domestic Rates.

Study LEAs: (non-standard term) LEAs in which the Audit Commission team on primary education concentrated its fieldwork.

Supply: A person qualified as a teacher, employed to stand in for a teacher who is absent from school.


Y1, Y2 ...Y13: Nomenclature to refer to the different years of schooling. Y1 means the year group of pupils aged five on 1st September, Y13 means the year group of pupils aged seventeen on 1st September.
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