

**Report of Head of Finance, Children and Families**

**Report to Director of Children and Families**

**Date: January 2021**

**Subject: Local school funding formula 2021/22 for mainstream maintained schools and academies**

Are specific electoral wards affected? If yes, name(s) of ward(s):	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Has consultation been carried out?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Will the decision be open for call-in?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, access to information procedure rule number: Appendix number:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

**Summary**

**1. Main issues**

- The Dedicated Schools Grant (DSG) is allocated to local authorities in four blocks: schools, high needs, early years and central school services. The Education and Skills Funding Agency (ESFA) has been reforming the school funding system with the intention of making it simpler, fairer and more transparent. 2021/22 is a transitional year where local authorities will be allocated their funding based on a new National Funding Formula, but they are still required to decide on a local formula for distributing this funding to schools, and some funding can be moved within the different blocks of the DSG.
- ESFA regulations require the council to make the final decision on the funding formula for allocating schools block funding of £596,991k to mainstream maintained schools and academies. This report presents the proposal for approval by the Director of Children and Families.

**2. Best Council Plan Implications**

Allocating funding to schools in a fair and transparent way in line with the ESFA National Funding Formula ensures that funding is aligned with national priorities. The National Funding Formula targets more funding towards deprivation, but it also ensures a minimum per pupil level of funding is provided for all schools regardless of pupil characteristics. Through mirroring the National Funding Formula as closely

as possible the funding allocation should support the Best Council Plan priority of being a Child Friendly City, specifically in the area of educational attainment.

### **3. Resource Implications**

- The council's Dedicated Schools Grant allocation is calculated by the ESFA, however the council currently has some decision making powers in terms of how it is allocated to schools. The proposed schools block formula recognises the financial pressures faced by schools and provides a minimum 2.00% funding increase per pupil, compared to 2020/21 funding, along with gains allowed of up to 3.00% per pupil.

### **Recommendations**

- a) The Director of Children and Families is asked to approve the proposed schools funding formula for 2021/22.

#### **1. Purpose of this report**

- 1.1 This report details the outcome of the consultation with schools and Schools Forum on funding arrangements for 2021/22 and requests approval of the proposed 2021/22 schools funding formula.

#### **2. Background information**

##### National funding arrangements

- 2.1 The Dedicated Schools Grant (DSG) is allocated in four blocks: schools (pre-16 pupils), high needs, early years and central schools services. The Education and Skills Funding Agency (ESFA) has been reforming the school funding system with the intention of making it simpler, fairer and more transparent. Transitional arrangements have applied since 2018/19, during which time local authorities have been allocated an amount each year based on the new National Funding Formula, however they still have some flexibility to decide on a local formula for allocating this to schools.
- 2.2 The ESFA sets a range of compulsory and optional factors that can be used in the local formula. Within each of these factors there are also certain restrictions that can apply, for example the weightings that can be used for each factor, the minimum funding levels and a cap on gains.

##### Local funding proposals

- 2.3 In common with many areas around the country, Leeds is under considerable pressure due to increasing demographic growth and complexity of children's needs. The council therefore proposed a £2.887m transfer of funding from the schools block to the high needs block to support these pressures. This transfer is a Schools Forum decision which was approved at November 2020 Schools Forum meeting. This still left over £51m additional funding available for schools in 2021/22 compared to 2020/21, though it should be noted that £24.5m of this increase is in

relation to the teachers' pay and pension grants which will no longer be paid as a separate grant.

- 2.4 Given the complexity of the possible formula factors there are a significant number of formula options that it would have been possible to model for consultation, and the council looked at a number of alternative options. The two options that the council consulted on both proposed to move as close as possible to the national funding formula for 2021/22, as this has been the approach taken since 2018/19 which has been supported by the majority of schools that responded to the consultation and also Schools Forum.
- 2.5 The two options presented were as follows:
- Option 1: A cap on gains of 3.18% per pupil. All other factors were in line with the national funding formula, including the Minimum Funding Guarantee increase of 2.00% per pupil.
  - Option 2: A reduced Minimum Funding Guarantee increase of 1.00% per pupil and an increased cap on gains of 3.40% per pupil. All other factors were in line with the national funding formula.

### Consultation

- 2.6 The council consulted on the above options with mainstream maintained schools and academies between 20<sup>th</sup> October and 4<sup>th</sup> November 2020. During the consultation period schools were provided with background information and figures to demonstrate the impact of the proposals, a briefing session was held and any queries received from individual schools were responded to.
- 2.7 Of the 265 schools consulted with, 63 responses were received on the funding formula.
- 31 (49%) preferred option one
  - 27 (43%) preferred option two
  - 5 (8%) had no preference
- 2.8 Comments from schools generally either supported option one on the basis that this delivered a 2.0% minimum funding guarantee in line with the national funding formula, or option two on the basis that this benefitted most schools.

### **3. Main issues**

- 3.1 Following the consultation, in December 2020 the ESFA confirmed the final schools block funding allocations for local authorities using updated pupil data from the October 2020 census. The funding formula has been updated to take into account the views of Schools Forum and the final funding allocation from the ESFA.
- 3.2 The revised formula provides for the same Minimum Funding Levels of £4,000 for primaries and £5,150 for secondaries, which are the amounts used in the National Funding Formula. It has been possible to retain the Minimum Funding Guarantee (MFG) at 2.00%, which is the level used in the National Funding Formula, and the cap on gains has been set at 3.00%.

- 3.3 The approach taken in the local formula replicates the National Funding Formula as closely as possible, including the use of the same unit values. In line with the National Funding Formula our calculation of the MFG and cap on gains for PFI schools excludes the PFI funding they receive. This will ensure that both PFI and non-PFI schools are treated equally in the funding formula and receive equivalent levels of funding protection.
- 3.4 Detailed figures for all the formula funding values and school level allocations were provided to Schools Forum in January 2021 and were published on the council's website.

## **4. Corporate considerations**

### **4.1 Consultation and engagement**

- 4.1.1 The ESFA requires that we consult with all schools and Schools Forum on our proposals for the schools funding formula. As detailed within section 2 of this report, the council held a consultation with maintained schools and academies on these proposals for 2021/22. The proposals made within this report take into account the opinions of schools that responded to the consultation and they were also supported by Schools Forum.

### **4.2 Equality and diversity / cohesion and integration**

- 4.2.1 The ESFA is introducing the National Funding Formula in order to make school funding fairer and more transparent. The ESFA carried out a national consultation on its proposals, and their formula was subject to equality considerations. By moving as close as possible to the National Funding Formula in 2021/22 we are mirroring the formula that the DfE has assessed as a fair way to allocate funding.
- 4.2.2 We have completed an Equality, Diversity, Cohesion and Integration Screening form which demonstrates how equality has been considered throughout the process of developing and consulting on the proposals contained within this report. A copy is provided as an appendix to this report.

### **4.3 Council policies and the Best Council Plan**

- 4.3.1 Allocating funding to schools in a fair and transparent way in line with the ESFA National Funding Formula ensures that funding is aligned with national priorities. The National Funding Formula targets more funding towards deprivation, but it also ensures a minimum per pupil level of funding is provided for all schools regardless of pupil characteristics. Through mirroring the National Funding Formula as closely as possible the funding allocation should support the Best Council Plan priority of being a Child Friendly City, specifically in the area of educational attainment.

#### Climate Emergency

- 4.3.2 This report relates to the allocation of grant funding according to ESFA requirements and as such does not have any direct impact on the Climate Emergency.

#### **4.4 Resources, procurement and value for money**

- 4.4.1 The council's Dedicated Schools Grant allocation is calculated by the ESFA, however the council currently has some decision making powers in terms of how it is allocated to schools. The proposed schools block formula recognises the need for schools to receive an increase in their funding and provides a minimum 2.00% funding increase per pupil, compared to 2020/21 funding.

#### **4.5 Legal implications, access to information, and call-in**

- 4.5.1 DfE regulations set out that the recommendations within this report are council decisions, following the consultation that has been carried out with schools and Schools Forum.

#### **4.6 Risk management**

- 4.6.1 If school funding is not allocated in a fair and transparent way then this may impact on the ability of schools to operate within their budgets in order to maintain or raise the educational attainment of pupils in Leeds.

### **5. Conclusions**

- 5.1 The 2021/22 proposals for the funding formula have been put forward having taken account of ESFA funding regulations and the need to allocate available funding in a fair and transparent way. The decisions requested in this report take into account the opinions of schools that responded to the consultation and were also supported by Schools Forum.

### **6. Recommendations**

- 6.1 The Director of Children and Families is asked to approve the proposed schools funding formula for 2021/22.

### **7. Background documents<sup>1</sup>**

- 7.1 None

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<sup>1</sup> The background documents listed in this section are available to download from the council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.