

Local school funding formula 2024/25 for mainstream maintained schools and academies

Date: 5th February 2024

Report of: Head of Finance, Children & Families

Report to: Director of Children & Families

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

Brief summary

This report outlines the school funding formula to be applied in 2024/25 and describes the consultation process.

Recommendations

- a) The Director of Children and Families is asked to approve the proposed schools funding formula for 2024/25.

What is this report about?

- 1 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. 2024/25 is a transitional year where local authorities will be allocated their funding based on a 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 £707m to mainstream maintained schools and academies. This report presents the proposal for approval by the Director of Children and Families.

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.

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.

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 £3.54m 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 the November 2023 Schools Forum meeting. This still left over £18.46m additional funding available for schools in 2024/25 compared to 2023/24.

Given the complexity of the possible formula factors there were a number of formula options that it would have been possible to model for consultation, and the council looked at a number of alternative options. Under the funding regulations the local authority could only set an MFG of between 0% and 0.5% for 2024/25, which did not give much scope for differentiation.

However, there were two options that the council consulted on; one which stayed as close as possible to the national funding formula and one that varied slightly by proposing a lower Minimum Funding Guarantee. The two options presented were as follows:

- Option 1: A cap on gains of 1.06% per pupil. All other factors were in line with the national funding formula, including the Minimum Funding Guarantee increase of 0.5% per pupil.
- Option 2: A reduced Minimum Funding Guarantee increase of 0% per pupil and an increased cap on gains of 1.09% per pupil. All factors, other than the MFG rate, were in line with the national funding formula.

The council consulted on the above options with mainstream maintained schools and academies between 17th October and 8th November 2023. 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.

Of the 267 schools consulted with, 73 responses were received on the funding formula.

- 45 (61.64%) preferred option one
- 28 (38.36%) preferred option two

In December 2023 the ESFA confirmed the final schools block funding allocations for local authorities using updated pupil data from the October 2023 census. The final allocation allowed for an MFG of 0.5% to be applied, whilst reducing the cap on gains to 0.97%. This ensures that all schools will receive at least a 0.5% per pupil increase compared to 2023/24 funding levels.

What impact will this proposal have?

- 2 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.

How does this proposal impact the three pillars of the Best City Ambition?

Health and Wellbeing Inclusive Growth Zero Carbon

- 3 Allocating funding to schools in a fair and transparent way in line with the ESFA National Funding Formula ensures that all possible funding is provided to schools in an equitable way as described at section 2 above.

What consultation and engagement has taken place?

Wards affected: All

Have ward members been consulted? Yes No

- 4 The council consulted with mainstream maintained schools and academies between 17th October and 8th November 2023. 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. Executive Member: Councillor Pryor was consulted during period October 2023 to January 2024.

What are the resource implications?

- 5 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 0.5% funding increase per pupil, compared to 2023/24 funding, along with gains allowed of up to 0.97% per pupil.

What are the key risks and how are they being managed?

- 6 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. This risk is mitigated by staying as close to the National Funding Formula as possible.

What are the legal implications?

- 7 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.

Options, timescales and measuring success

What other options were considered?

- 8 Two options were put forward for consultation. The eventual funding formula that was applied implemented the best elements of both options and was supported by the consultation.

How will success be measured?

9 All schools will receive funding in 2024/25 in line with ESFA funding regulations.

What is the timetable and who will be responsible for implementation?

10 Funding statements will be issued to schools at the end of February. Schools will receive the funding for 2024/25 in April 2024.

Appendices

- Equality screening form.

Background papers

- None