

Dear Martin Towers,

Thank you for your letter that was received on 22 December 2023.

You wrote the following.

“Following a meeting of the Leicestershire Schools Forum, of which I am Chair, all members were very concerned about the recent changes in 2024/25 school funding announced by the Department for Education, following a quite severe reduction in the 2024/25 National Funding Formula allocations due to a miscalculation by the Department.

“The Department first published the 2024-25 NFF in July 2023. Following the discovery of a technical error made by officials during the initial calculations, an update was made to the schools NFF in October 2023. This document reflects that update. The technical error was due to incorrect processing of pupil numbers in the initial calculations. This error meant that the overall cost of the schools NFF was underestimated, and incorrect factor values were published in July.

This update contains the new, correct, factor values. No other changes have been made to the structure of the NFF, or the rules governing the local formulae, since July. The total amount of funding in the core schools’ budget (which includes funding through the schools NFF, high needs NFF, and CSSB) will remain at £59.6 billion in 2024-25. The high needs NFF and CSSB are unaffected by this update.”

This is because of an error in processing pupil numbers by the department, which were underestimated resulting in the cost of the National Funding Formula exceeding the National Funding Settlement. This means that the minimum per pupil funding has been reduced from £4,665 per primary pupil and £6,050 per secondary pupil to £4,610 and £5,995 respectively.

As we understand it, the DfE have instigated an inquiry over how this error occurred and have apologised for it. However, there is no indication of whether the inquiry into this funding calculation will be made public, and if so when that may be. The error is not one of our schools making and we would urge the department to deliver the funding values for 2024/25 as published in July.

New analysis of school funding, compiled by Schoolcuts.org and ASCL Union, shows that in spite of our schools already being understaffed and physically crumbling, suggests that nationally 92 per cent of mainstream schools face real terms cuts from April 2024.

For Leicestershire schools the position is alarming, particularly given we have a high number of small rural schools. Largely these schools sit on the funding floor, are either have deficit budgets or moving to that position with very lean staffing structures and low non staffing expenditure. As result of under inflation budget increases these schools are faced with staffing cuts that will reduce the curriculum offer. Many of these schools are moving towards a position of

financial unviability despite them being at the heart of their community and essential for the communities they serve.

	Primary		Secondary	
	October	July	October	July
Number of Schools:				
Funding Floor +0.5% per pupil	34	15	6	1
Gains up to 2% per pupil	110	26	32	8
Gains of up to 3% per pupil	32	92	4	28
Gains up to 5% per pupil	36	63	1	5
Gains over 5% per pupil	16	32	1	2
Total Gain £m	£3.270	£5.738	£6.665	£9.018
Overall Movement £m		-£2.468		-£2.353
Overall Movement %		-43.0%		-26.1%
% per Pupil Gain from 2023/24 Baseline	1.2%	2.2%	2.8%	3.8%

Leicestershire schools desperately need more funding. Running costs are soaring, buildings are deteriorating and in desperate need of repair. A further example of the financial pressures on small schools the NFF Formula to contribute towards renting communal spaces for small schools. This currently totals £70k and gives 7, some of which clearly as a result of the National Funding Formula, is exceptional funding for schools needing to rent additional space to allow them to deliver the curriculum. We have provided funding in this way since the introduction of the NFF, for 2024/24 the DfE are putting significant pressure not to provide this and indeed are asking for disproportionate levels of evidence. Overall, these allocations are immaterial to school funding in general but significant to the schools affected. If this is not allowed from April 2024 these schools will not be able to fully provide the curriculum, for many alternative spaces are simply not available and if they were then disproportionate levels of capital would be required to address the shortfall in space which is simply unavailable. We would urge the DfE to approve the submitted disapplication request with some urgency.

Leicestershire Schools Forum feel very strongly about these issues and as the voice of Leicestershire schools we urge the Department to act. All mainstream schools in Leicestershire are doing their best against considerable financial difficulties, the financial position of schools is a significant factor driving the Leicestershire High Needs Dedicated Schools Grant deficit.

We are especially concerned, as the education of all children is essential to support the UK in retaining its position in the world as a leader. The outstanding education of the UK's population is the only way in which this can be assured.

Something must be done to stop this. Children only have on chance at education and this Government needs to act now to save our schools.”

Thank you for outlining your concerns regarding the Department’s republication of the 2024-25 Schools National Funding Formula (NFF). Firstly, let us express our sincere apology that this error occurred, and to reassure you the Department worked as quickly as possible to rectify the error when it came to light.

The Government explored all possible routes to address the error, and to minimise the disruption caused to schools. Unfortunately, the NFF factor values published in July over-allocated the Department’s funding envelope. It would not be appropriate to reprioritise significant amounts of public funds on the basis of an error made by officials.

We want to assure you that we have taken this error very seriously. Peter Wyman CBE – chair of the Board of the Institute of Chartered Accountants in England and Wales – led a comprehensive review into the NFF error. He was supported in his work by an expert panel drawn from outside the Department. On 19 December 2023 Susan Acland-Hood, Permanent Secretary for the Department for Education, wrote to Robin Walker MP, Chair of the Education Select Committee to share a copy of the report produced. Her letter can be read [here](#) and the full report can be found [here](#).

This Government is committed to providing a world class education system for all children and has invested significantly in education to achieve that. In the 2022 Autumn Statement, we announced an additional £2 billion in each of 2023-24 and 2024-25 for mainstream schools and high needs, over and above totals announced at the 2021 Spending Review. In July 2023, we announced an additional £525m this year, to support schools with the teachers’ pay award, and £900m in 2024-25. As a result, next year overall school funding is increasing by over £1.8 billion compared to 2023-24. That means school funding is set to have risen by over £9.8 billion by 2024-25, compared to 2021-22, to more than £59.6 billion, the highest ever level in real terms per pupil. The calculations compiled for the Schools Cuts website are based on speculative assumptions regarding next year’s pay awards for teachers and support staff. The forecast figures for the number of schools with budget deficits based on these assumptions are therefore highly questionable.

We trust schools to manage their own budgets and the vast majority are operating with a cumulative surplus, with only a small percentage having a deficit in the most recent published figures. However, we know that every school’s circumstances are different, and where schools are in serious financial difficulty, they should contact their local authority or the Education and Skills Funding Agency, who can provide advice and support on a case-by-case basis. All schools can also access the [Department’s Schools Resource Management \(SRM\) offer](#). This includes a range of practical tools and information to help schools unlock efficiencies to reinvest in line with their own priorities.

The Government recognises the essential role that small schools play in their communities. The NFF accounts for the particular challenges faced by small rural schools through the lump sum (£134,400 per school in 2024-25 regardless of size)

and sparsity factor (which recognises that some schools are necessarily small because they are remote and do not have the same opportunities to grow or make efficiency savings as other schools). Knowing the significant role schools often play in the rural communities they serve, we made changes to the sparsity factor that saw the total amount allocated through the sparsity factor increase from £42m in 2021-22 to £98 million in 2024-25.

The exceptional circumstances factor is included in the NFF to recognise that there is a need for direct additional funding to a small number of schools with significant additional premises costs, not otherwise taken into account by the NFF. As outlined in the [schools operational guide 2024 to 2025](#), supporting evidence must be provided with the application (for example joint use agreements, lease agreements, service level agreements, licences where premises are being rented). Due diligence procedures aim to ensure that public funds are being spent appropriately where they are needed. A decision regarding Leicestershire's disapplication, will be provided as soon as possible, following ministerial review.

Your correspondence has been allocated reference number **2023-0046644**. If you need to respond to us, please visit: www.education.gov.uk/contactus, and quote your reference number.

Yours sincerely,

 Department for Education