

Meeting:	Schools Forum
Date:	10 December 2024
Subject:	Item 4: DSG Budget Setting 2025-26
Responsible Officer:	Andrew Osei, Interim Finance Business Partner – Children’s Services

Section 1 – summary

1. This report updates Schools Forum on the 2025-26 DSG budget setting.
2. Schools Forum is required to:
 - Note the changes to school funding in 2025-26

Section 2 – report

Schools Block

3. In 2018-19 the government introduced a new National Funding Formula (NFF) for Schools, High Needs and the Central Schools Services Block. For the schools block this means that each LA will be funded on the basis of the aggregate of the NFF for all schools, academies and free schools in its area but the final formula for distribution will be determined by each LA following consultation with schools and Schools Forums.
4. The LA carried out a consultation in Autumn 2017 which sought views on whether the LA should continue to use the Harrow Schools Funding Formula or introduce the National Funding Formula from 2018-19.
5. 76% of schools responded to the consultation and 89% voted in favour of introducing the NFF from 2018-19. The NFF will continue for 2025-26.

Summary of proposals for 2025-26

- In 2025-26 the LA will continue to set a local schools’ formula in consultation with local schools.
- The Minimum Per-Pupil Funding Levels (MPPL) will be set at £4,955 for primary schools and £6,465 for secondary schools compared with £4,655 and £6,050 in 2024-25.

- Introduction of a new formulaic approach to allocating split sites funding in the NFF replacing any previous locally determine split sites factors. The new split sites factor is compulsory for all LAs
 - LAs will be funded for falling rolls as well as growth
 - The Teachers' Pay Additional Grant (TPAG), the Teachers Pensions Employer Contribution Grant (TPEG) AND THE Core Schools' Budget Grant (CSBG) have been rolled into the NFF for 2025-26.
 - Minimum Funding Guarantee (MFG) – LAs will be able to set the MFG to between -0.5% and +0.0%. The final MFG will be subject to affordability within the overall formula.
 - Block transfers – LAs will continue to be able to transfer up to +0.5% of the schools block to other blocks of the DSG, with schools forum approval. A disapplication is required for transfers above 0.5% or for any amount where schools forum does not give approval.
6. Indicative allocation based on the October 2023 census is shown in Table 1 below. **It should be noted that these budgets are subject to changes in relation to the October 2024 schools' census.** These include:
- Fluctuations in pupil numbers
 - Changes in demographics resulting in changes to per pupil levels of funding
 - Affordability of the overall funding formula which may dictate the final MFG applied.

Schools Block Baseline Funding 2024-25

7. The National Funding Formula generates a primary and secondary unit of funding (P/SUF). This is the per pupil funding of all Harrow schools based on the aggregate of the funding which the NFF has generated for each school. This funding forms the majority of funding in the Schools Block. There is also an allocation for premises and a further allocation for the growth fund.
8. Table 1 shows the 2025-26 Primary and Secondary Units of Funding (P/SUF) and the total allocation based on the October 2023 schools' census.

Table 1 – baseline funding

Blocks	Unit of funding		Pupil numbers		Total
	Primary	Secondary	Primary	Secondary	
Schools Block – per pupil	£5,509.32	£7,702.17	21,490.00	13,397.00	£221,581,266
Schools Block – lump sum premises					£3,992,702
Schools Block – growth fund formula					tbc
Total Schools Block					£225,573,968

Per Pupil Funding

9. The National Funding Formula has generated a primary and secondary unit of funding. This is the per pupil funding of all Harrow schools based on the aggregate of the funding which the NFF has generated for each school. The per pupil factor values are shown below at Table 2

Table 2 – funding formula factor values

Factors	2024-25		2025-26		Change	
	Primary	Secondary	Primary	Secondary	Primary	Secondary
Pri AWPU	£3,958.35		£4,233.08		7%	
KS3 AWPU		£5,581.53		£5,966.15		7%
KS4 AWPU		£6,291.33		£6,726.50		7%
FSM	£539.23	£539.23	£544.68	£544.68	1%	1%
FSM6	£913.38	£1,331.56	£1,166.38	£1,711.06	28%	29%
IDACI F	£258.61	£379.66	£258.58	£374.12	0%	-1%
IDACI E	£313.63	£500.71	£313.60	£495.16	0%	-1%
IDACI D	£495.21	£698.79	£489.66	£698.73	-1%	0%
IDACI C	£539.23	£764.82	£539.18	£764.75	0%	0%
IDACI B	£572.24	£825.35	£572.19	£819.77	0%	-1%
IDACI A	£753.82	£1,045.44	£753.75	£1,045.34	0%	0%
LPA	£1,304.05	£1,969.82	£1,292.92	£1,964.14	-1%	0%
EAL	£654.77	£1,766.24	£654.71	£1,755.07	0%	-1%
Mobility	£1,067.45	£1,535.14	£1,061.85	£1,524.00	-1%	-1%
Lump Sum	£149,332.42	£149,332.42	£159,662.24	£159,662.24	7%	7%

Rolling in the Grants

10. The TPAG, TPECG and CSBG have been rolled into the NFF for 2025-25. For the TPAG and TPECG this was done by:
- Adding the amounts representing what schools received to the baseline
 - Adding the value of lump sums, basic per pupil rates and free school meals Ever6 (FMS6) parts of the grant onto the respective factors
 - Uplifting the minimum per pupil values by the TPEG and TEPCG basic per pupil values and an additional amount which represents the average amount of funding schools receive from the FSM6 and lump sum parts of the grants.
11. The CSBG is rolled in using the same methodology after the grant has been annualised.

Growth Funding

12. Growth funding is allocated through the NFF within the Schools Block however it has not been published yet as it will be based on the pupil data as recorded on the October 2024 census. This will be published in December.
13. Funding will be based on the difference between the primary and secondary NOR between the October 2023 and 2024 school censuses. Growth is measured at the middle layer super output area (MSOA) within each LA.
14. Schools forum must be consulted on the total size of the growth fund from each phase and should be consulted prior to any expenditure from the growth fund being incurred.

Falling Rolls Fund

15. Falling rolls funding will be distributed on the basis of the reduction in pupil numbers that LAs experience each year. It is based on the observed differences between the primary and secondary NOR between the October 2023 and 2024 school censuses.
16. As with the growth fund, falling rolls are measured at the MSOA within each LA to capture falling rolls in small geographical areas. The falling rolls allocate for each LA will be £141890 per MSOA which sees a 10% or greater reduction in the number of pupils on roll between the two census years. This allocation will be subject to an area cost adjustment.
17. LAs will continue to have discretion over whether to operate a falling rolls fund. The fund will only be eligible where school capacity data 2022 (SCAP) shows that school places will be required in 2025 to 2026 or the subsequent 2 years.
18. Schools' forum must be consulted on the total size of the growth fund from each phase and should be consulted prior to any expenditure from the growth fund being incurred.

The Notional SEN Budget

19. Mainstream schools are notified each year of an identified but notional SEN budget within the overall budget allocation. It is an identified amount within a maintained school's delegated overall budget. It is intended as a guide for a school's spending decisions and is neither a target nor a constraint on a school's duty to use its 'best endeavours' to secure special provision for its pupils with SEN.
20. LAs are responsible for calculating the amount of this notional budget using funds from the schools block and in relation to the mainstream NFF. There is no national approach to the calculation of schools' notional budget.

21. In discharging that responsibility mainstream schools are expected to

- Meet the costs of provision for pupils identified as on SEN support
- Contribute towards to cost of provision for pupil with high needs (most with EHCPs) up to £6,000 per annum and above the costs of the basic provision for all pupils in the school

22. The notional SEN budget is not intended to provide £6,000 for every pupil with SEN nor is it intended to provide a specific amount per pupil for those with lower additional support costs.

23. The DfE recommends that a check of the notional SEN budget calculation is made, in line with guidance, and that an annual review is carried out subsequently. There may be validation checks as part of the budget submission process if it appears that the total notional SEN budget provides schools with less than a certain amount per pupil identified as on SEN support, having deducted £6,000 per pupil with an EHCP.

24. An update will be brought back to Schools Forum in November 2023 which will consider the current formula for the allocation of the notional SEN budget and any proposed changes once the data has been reviewed in accordance with the guidance.

High Needs Block

25. High Needs funding is designed to support a continuum of provision for pupils and students with special educational needs and disabilities (SEND) from 0-25 years old. The following are funded from the High Needs Block of the DSG:

- Special schools and special academies in Harrow and out of borough
- Additionally Resourced Mainstream (ARMs) units in mainstream schools and academies
- Places in independent and non-maintained school provision
- EHCPs in mainstream schools and academies in Harrow and out of borough
- Post 16 provision including Further Education
- SEND Support services, therapies and support for inclusion
- Alternative provision including Pupil Referral Units and education other than at school

26. The government introduced a National Funding Formula for High Needs from 2018-19. Funding has previously been based on historical allocations plus small annual amounts of growth. In order to manage increasing growth for demand and complexity, annual funding transfer from the schools block into the high needs block have been approved by Schools Forum

27. From 2018-19 the Schools Block has been ring-fenced and transfers between blocks has been restricted to 0.5% of the Schools Block. The decision to agree a transfer remains with Schools Forum. It agreed a transfer of 0.5% in 2018-19 and a reduced

transfer of 0.25% in 2019-20 however it did not agree to any transfer beyond 2019-20 on the basis that the government should be properly addressing the inherent underfunding of High Needs pupils and to continue to top-slice mainstream school budgets masks the extent of the problem.

28. The 2025-26 HNNFF and underpinning operational processes and principles remain largely unchanged.
29. The funding floor factor in the 2025-26 HNNFF is 7% per head of 2- to 18-year-old population which means that every LA will receive at least 7% per head more than they received in 20in the previous year.
30. The limit on gains in the NFF is set at 10% calculated based on per head of population using the 2024-25
31. The MFG is set to 0% to offer protection for special schools
32. The LA will continue to receive funding for the TPAG, TPECG and CSBG for special schools at the same rate as for 2024-25. However, these funding streams will be brought together and paid a s single 2025-26 CSBG. Further details of this is to be announced.
33. The provisional HNB for 2025-26 is shown below.

Description	2024-25	2025-26
High Needs Block Allocation (excl basic entitlement factor)	£46,579,983	£49,647,034
Basic Entitlement Factor (excl TPG/TPECG)	£3,324,263	£3,323,793
Import/Export Adjustments	-£1,422,000	-£1,416,000
Additional Funding for Special Free Schools	£6,000	£6,000
Hospital Education	£230,208	£246,322
AP & INMSS TPG/TPECG allocation	£130,445	£130,445
Total HNB before academy recoupment	£48,848,899	£51,937,594
Academy recoupment for ARM, special schools and FE	-£1,756,501	tbc
Net High Needs Block	£47,092,398	£51,937,594

Early Years Block

The Early Years allocations and guidance is due to be shortly. Schools Forum will be updated at the next meeting.

Section 3 – contact details

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