



Subject Heading:

Schools Funding 2025-26

Report Author:

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Eligibility to vote:

All school and academy members

SUMMARY

This report summarises the local projection of the indicative DSG Schools Block funding for financial year 2025-26, options on allocating funding to schools, including a transfer to the High Needs Block and to funding for growth and falling rolls.

RECOMMENDATIONS

1. That Schools Funding Forum notes the update on schools funding for 2025-26
2. That Schools Funding Forum agrees to apply the national funding formula rates to schools data in calculating schools' funding
3. For LA maintained primary school representatives; to consider whether to continue with the de-delegation of funding for the following services:
 - (i) Insurance
 - (ii) Free school meals eligibility checking
 - (iii) Maternity leave insurance
 - (iv) EAL service
 - (v) Behaviour support service
4. For LA maintained primary and special school representatives; to consider the de-delegation of funding for the following:
 - (i) Statutory and regulatory duties
 - (ii) Core school improvement activities

REPORT DETAIL

1. Background

Financial year 2018-19 saw the implementation of a “soft” National Funding Formula and for that year and subsequently Havering has used the NFF rates in calculating funding for its schools. For each of those years decisions have been made by the Schools Funding Forum on the minimum funding guarantee (MFG) and the gains caps to be applied. For 2024-25, the MFG was set at +0.5% and there was a gains cap of 2.5%. This was after using £146,444 of the Schools Block to support the Pupil Growth/Falling Rolls Fund and after £1,188,080 was transferred to the High Needs Block.

2. DSG Schools Block 2025-26

Although the DSG allocations for 2025-26 has been delayed, the following grants will be included in the Schools Block allocation and NFF rates:

- The Teachers’ Pay Additional Grant (TPAG)
- Teachers’ Pension Employer Contribution Grant (TPECG)
- Core Schools Budget Grant (CSBG)

The grants will be rolled onto the National Funding formula by:

- Adding an amount representing what schools receive into the baseline budgets
- Adding the value of the lump sum, basic per pupil rates and FSM Ever 6 parts of the grant into the respective NFF factors.

These amounts are shown on **Appendix A** in the minimum NFF funding rates to be used in 2025-26 formula and those used for 2024-25.

Local authorities not already using NFF funding rates will be required to bring their own formula closer to the schools NFF. Havering already uses NFF factors and rates.

3. Funding for 2025-26

The DfE is due to publish NFF allocations for schools and all supporting documents on the NFF (including the schools operational guide and NFF technical note), for 2025 to 2026 as soon as possible following the budget announcement on 30 October 2024. The dedicated schools grant (DSG) allocations will then be published in December 2024.

4. Schools Formula Consultation option

For 2025-26 it is again recommended that Havering adopts the NFF funding rates and the Forum will again be asked to consider proposals for the level of the minimum funding guarantee, whether to apply a gains cap and if so at what rate. Consideration will again need to be given to any top up that is required to Havering’s allocation of funding for pupil growth and falling rolls and to any transfer of funding to support high needs expenditure.

4.1 School Funding Options

Havering has been an early adopter of the NFF rates since its inception in 2018-19, and the LA is proposing to continue to use the NFF rates (including Area Cost Adjustment) to fund Havering schools.

Havering has had a 0.5% minimum funding guarantee (MFG) for 2024-25, and the LA is proposing to continue with funding the maximum permitted minimum funding guarantee of 0.5% to ensure that every school has at least a 0.5% increase in their funding to the MFG unit.

For financial year 2024-25, there is a cap in place of 2.5%, which ensures that the commitments for £1,188,080 (0.50%) transferred to the DSG High Needs Block, and £146,444 is used to support Pupil Growth and Falling rolls in addition to the £2,065,774 funding received for this.

Should members of the School Forum agree for the continuation of using the NFF factors and rates to allocate funding to schools, then the options to be consulted on and considered, are whether to transfer funding from the Schools Block to the High Needs Block, transfer to the Growth Fund, the level of the minimum funding guarantee and the level of any gains cap.

4.2 Transfers between DSG blocks and schools' High Needs funding

For 2024-25, with the agreement of the Schools' Funding Forum, Havering was able to transfer up to 0.5% of their Schools Block to the High Needs block, totalling £1,188,080.

The Forum agreed at the meeting held on 13th June 2023 to re-establish the High Needs Funding task and finish group in order to review high needs funding rates for 2024-25 and 2025-26. When the high needs funding rates for 2022-23 to 2024-25 were determined, the 0.5% transferred from the School Block was included in the calculations. Without a similar 0.5% transfer for 2025-26, the base rates forming the starting point for discussion of 2024-25 rates, would need to be reduced to reflect the absence of the funding transferred.

The transfer from the Schools Block to the High Needs Block for 2024-25 enabled the hourly rate in support of pupils with an EHCP to be increased from £16.50 an hour after 9.3 hours, to £17.00 an after 9.0 hours. The transfer also enabled the funding for each top-up place to rise by 3.0%.

5. Pupil Growth and Falling Rolls Fund

Funding for growth and falling rolls is calculated by looking at the change in pupil numbers in Middle Layer Super Output Areas (MSOA), a geographical area defined by postcode, between October 2023 and October 2024. The DfE will notify LAs of allocations for 2025-26 in December 2024.

After falling for several years, Havering's funding remained stable in 2024-25 and is expected to remain at the same level in 2025-26.

2019-20	£2.5m
2020-21	£1.6m
2021-22	£1.6m
2022-23	£1.5m
2023-24	£2.0m
2024-25	£2.0m
2025-26	£2.0m*

* The figure for 2025-26 is an LA estimate.

It is proposed that School Forum members agree the transfer of £300k from the Schools Block to support the Growth and Falling Rolls Fund for 2025-26 to support the revision of the scheme as outlined below.

5.1 Growth

Havering's formula for allocating growth funding for financial year 2024-25 is as follows:

Primary

Single form of entry expansion or bulge class

28 pupils x AWPU £3,684.29 = £103,160

Cost in financial year 2024-25 (7/12 September to March) = £60,177

This is repeated as the cohort moves through the school to recognise the need to open an additional class and appoint additional staff until the school has reached its new PAN in every year group.

If a bulge classes fills, the following year it will be funded by the pupils on roll. If it does not fill funding is topped up to 28 pupils.

It is proposed for 2025-26, this part of the Growth fund to be updated for 2024-25 KS1&2 funding rate of £3,859.50.

Secondary

Expansion or bulge class

Smaller increases in numbers are expected to be absorbed into existing classes. This is reflected in the pupil numbers funded as follows, using an example of an increase in PAN from 180 to 210.

Increase = 30 less 1 pupil absorbed into each of the existing 6 classes = 24 to be funded

e.g. 24 pupils x AWPU £5,194.26 = £124,662

Cost in financial year 2024-25 (7/12 September to March) = £72,720

This is repeated as the cohort moves through the school to recognise the need to open an additional class and appoint additional staff until the school has reached its new PAN in every year group.

It is proposed for 2025-26, this part of the Growth fund to be updated for 2024-25 KS3 funding rate of £5,441.44.

5.2 Falling rolls

- A) From 2024-25 funding is no longer restricted to schools that are good or outstanding, however, it must be demonstrated that the capacity will be required within three years.

Havering's formula from 2024-25 is as follows:

PAN x 85% minus NOR in intake year (YrR/Yr3/Yr7) x AWPU x 90%
Plus
PAN x 85% minus NOR in intake year +1 (Yr1/Yr4/Yr8) x AWPU x 50%

If a school is 30 or more pupils below PAN funding will be based on 85% of the next multiple of 30 above the number on roll, and not the PAN. For example if a school has a PAN of 90 pupils and admits 50 then the school would be funded to 85% of 60 and not 85% of 90.

For 2025-26, it is proposed to align the rates funded for each pupil that is applicable for the falling rolls to be at 100%, for the 85% multiplier to be amended to reflect 28 pupils to be funded in a class for Primary and 24 pupils to be funded in Secondary, and for the AWPU to be updated to reflect 2024-25 rates for KS1&2 and KS3.

Based on 2024-25 funding for Growth, this will be affordable and can be funded from the current budget available for Growth and will cost circa £257k.

The revised formula will be as follows for 2025-26:

Reception and Year 1 (Primaries and Infant schools) and Year 3 and 4 (Junior schools only):

$$\text{PAN} / 30 \times 28 \text{ minus NOR in intake year} \times \text{AWPU KS1\&2}$$

Years 7 and 8 (Secondary schools only):

$$\text{PAN} / 30 \times 24 \text{ minus NOR in intake year} \times \text{AWPU KS3}$$

- B) Havering also has local arrangements that support primary schools that have significantly and consistently low numbers in some year groups, which operates similar to the Expansion methodology.

Years 2 to 6 (Primary and Infant schools) and Year 5 and 6 (Junior schools only):

$$\text{PAN} / 30 \times 28 \text{ minus NOR in intake year} \times \text{AWPU KS1\&2}$$

Havering is an outlier in having an increase in demand for primary school places, in comparison to other London and neighbouring LAs. As a result of the increased demand, discussions and arrangements are being made for places across the borough in anticipation of the increased demand. Presently costs cannot be calculated until the discussions have concluded, which is anticipated to be by the end of the Autumn term.

However, it is not anticipated to be above the current year budget of £2.3m, and a breakdown for financial year 2025-26 arrangements will be provided once places have been confirmed for the next academic year and pupil numbers are known to review for the Falling Rolls calculation.

5.3 Growth Proposal for 2024-25 and 2025-26

In financial year 2024-25, the Growth and Falling Rolls Fund is £2.455m as per the breakdown below.

School Block Grant – Growth	2,065,774
Transfer from Schools Block to Growth	146,444
Academy Growth (Summer Term)	242,952
Total available for 2024-25	2,455,170

Based on the current anticipated demand and projections for the current financial year, the spend for Growth and Falling Rolls Fund is anticipated to underspend by £262k with a spend of £2.192m for the current plans in place to support Admissions to place children in schools across Havering.

Scheme	Total	Primary	Secondary	No. of Primaries	No. of Secondaries
Infant Class Size	51,580	51,580	0	1	0
Previous Year Expansion (Apr-Aug)	242,952	122,064	120,888	2	3
Previous Year Expansion (Sep-Mar)	180,530	180,530	0	2	0
Previous Year Bulge Class	122,072	122,072	0	3	0
Bulge - PAN funding (Apr24 to Aug24)	64,475	64,475	0	1	0
September 2024 New Bulge Class	303,561	227,812	75,750	3	1
Unfilled Places	889,054	889,054	0	23	0
Falling Rolls Support Fund:	193,935	193,935	0	12	0
Growth - in-year admission (ICS)	144,083	144,083	0	n/a	n/a
Total	2,192,243	1,995,605	196,638	30	4

Anticipated outturn balance	262,927
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As outlined in 5.2A for the revision of the Falling Rolls methodology, the full year cost of implementation is £256k, and School Forum members views are sought on whether to bring the amendment to be put in place for the financial year 2024-25 arrangements. The revised spend of the Growth and Falling Rolls Fund will be as follows:

Scheme	Total	Primary	Secondary	No. of Primarys	No.of Secondaries
Infant Class Size	51,580	51,580	0	1	0
Previous Year Expansion (Apr-Aug)	242,952	122,064	120,888	2	3
Previous Year Expansion (Sep-Mar)	180,530	180,530	0	2	0
Previous Year Bulge Class	122,072	122,072	0	3	0
Bulge - PAN funding (Apr24 to Aug24)	64,475	64,475	0	1	0
Unfilled Places - Maintained (12/12) & Academies (AY24-25 funding)	889,054	889,054	0	23	0
September 2024 New Bulge Class	303,561	227,812	75,750	3	1
Falling Rolls Support Fund:	450,906	450,906	0	12	0
Growth - in-year admission (ICS)	144,083	144,083	0	n/a	n/a
Total	2,449,215	2,252,577	196,638	30	4

Anticipated outturn balance	5,956
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There are ten schools that will get additional funding from the revision this year, with an average of £25k per school affected, that ranges from £3.5k to £53.7k for affected schools.

6. De-delegation (Maintained Schools)

Funding for de-delegated services must be allocated to schools through the formula but can be passed back, or 'de-delegated', for maintained mainstream primary and secondary schools with Schools Forum approval.

De-delegation for centrally provided services is not an option for academies, special schools, nursery schools and PRUs. De-delegation for education functions can be applied to special schools.

Where de-delegation has been agreed for maintained primary and secondary schools the local authority can offer the service on a buy-back basis to those schools and academies in their area which are not covered by the de-delegation.

Any decisions made to de-delegate in 2025-26 relate to that year only, so new decisions will be required for any service to be de-delegated in 2026-27.

Schools forum members decide separately for each phase whether the service should be provided centrally and the decision will apply to all maintained mainstream schools in that phase. Funding for these services will then be subtracted from the formula allocation before school budgets are issued.

The services which can be de-delegated are:

- contingencies (including schools in financial difficulties and deficits of closing schools)
- behaviour support services
- support to underperforming ethnic groups and bilingual learners (EAL)
- free school meals eligibility
- insurance
- museum and library services
- licences/subscriptions
- staff costs supply cover (for example, long-term sickness, maternity, trade union and public duties)

For each service de-delegated, local authorities will need to make a clear statement of how the funding is being taken out of the formula (for example, primary insurance £20 per pupil, FSM eligibility £9.50 per FSM pupil). There should be a clear statement of how contingencies and other resources will be allocated.

Where there has been agreement that a school is entitled to receive an allocation from a de-delegated contingency fund, that agreement should be honoured if the school converts to an academy at any point in the year. Where a school converts to an academy in the period 2nd April to 1st September 2025, local authorities will have an opportunity to present an evidence based case to the EFA to request a recoupment adjustment for the period 2nd September 2025 to 31st March 2026.

Any unspent de-delegated funding remaining at the year-end should be reported to Schools Forum. Funding may be carried forward to the following funding year as with any other centrally retained budget, and local authorities can choose to use it specifically for de-delegated services.

Services for which de-delegation is requested – applicable to LA maintained primary schools only

6.1 Insurance

Insurance for maintained schools is arranged as part of the Borough's main insurance contract and funded through de-delegation.

2025-26	Primary
Formula factor	AWPU
Amount	£21.00
Total	£363,000

2024-25	£21.00
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The LA is proposing that the sum per pupil de-delegated remains unchanged.

It should be noted that the cost of participating in the Risk Protection Arrangement (RPA), managed by the Department for Education, has been set at £25.00 per pupil for 2025-26.

6.2 Free school meals eligibility checking

This service checks the eligibility of children for free school meals and pupil premium grant by accessing a central government hub. Without this service schools would need to make their own arrangements to determine eligibility.

The proposed funding through de-delegation from LA maintained primary schools is as follows:

2025-26	Primary
Formula factor	FSM eligible pupils
Amount	£9.50
Total	£30,352

2024-25 rate	£9.50
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The LA is proposing that the sum per FSM pupil de-delegated remains unchanged. An increase in the total de-delegated, resulting from an increased number of FSM eligible pupils, should be sufficient to cover the cost of the pay award for staff delivering this service.

6.3 Maternity leave insurance

The LA administers an insurance scheme that meets the costs of teachers and support staff who are on maternity leave. The benefit of de-delegating the budget, rather than operating a traded service, is that schools do not have to pay premiums or make claims.

If the funding is not de-delegated, schools would need to make individual choices to buy into the scheme which, if some schools decided not to, may make it unviable to run. This service is not offered to academies.

With increases in demand and to the salary costs for teachers and support staff for the forthcoming financial year, it is proposed to increase the sum per pupil de-delegated for maternity leave by 9.6% in 2025-26. This is to meet the expected average increase in staff salaries, as staff salaries determine the level of maternity leave payments.

The proposed funding through de-delegation from LA maintained primary schools is as follows:

2025-26	Primary
Formula factor	AWPU
Amount	£40.49
Total	£707,198

2024-25	£36.96
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The table below outlines the budget and expenditure from 2023-24 to 2025-26, should the de-delegation be agreed at the levels requested, and the impact on each of the corresponding years. For 2024-25, although the expected spend is in excess of the budget available, there are other de-delegated budgets which are anticipated to underspend to offset this increased demand. For 2025-26, it is anticipated that a similar situation will arise and the anticipated £10k shortfall may not pose a material impact on the agreed overall de-delegated budgets.

	2023-24	2024-25	2025-26*
Budget	£602,693	£645,543	£707,198
Spend	£528,751	£680,000	£717,400
Outturn	£73,942	-£34,457	-£10,202
Rate	£34.87	£36.96	£40.49
Applicable pupils	17284	17466	17466

6.4 EAL service

An explanation of the service offered through de-delegation is attached at **Appendix B**.

Funding requested through de-delegation from LA maintained primary schools is as follows:

2025-26	Primary
Formula factor	EAL 3
Amount	£38.00
Total	£114,538

2024-25	£38.00
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The range in sums de-delegated from each school is shown below. The majority of schools would benefit financially from de-delegation compared to the cost of buying a similar level of service.

	De-delegated from individual schools £
Lowest	517
Median	2,644
Highest	6,070

6.5 Behaviour support service - Social Emotional and Mental Health Team (SEMH Team)

The LA is seeking de-delegation for SEMH services which now form part of SEND Education Support Service (formerly CAD 5 to 19).

De-delegated funding will be used to provide an enhanced resource of School Support Family Practitioners (SSFPs), meaning that this will be provided to maintained schools without an additional charge.

The primary purpose of this service is to work closely with families of vulnerable children with SEMH needs, to prevent permanent exclusion and suspension, maintain placement and positive working relationships between home and school. The service will also provide early intervention work with children and parents. SSFPs work in a similar way to family practitioners within Early Help, but with a strong focus on educational outcomes alongside family support.

Details of the service provided and job profiles for the posts of senior school support family practitioners are attached at **Appendix C**.

The proposal is that for 2025-26 the sums de-delegated remain unaltered:

Funding required through de-delegation from LA maintained primary schools is as follows:

Formula factor	AWPU	FSM Ever 6	IDACI E	IDACI D	IDACI C	IDACI B	IDACI A	Low attainment	
Amount	£5.00	£2.00	£14.08	£22.08	£12.05	£7.71	£10.07	£5.00	
Total	£87,330	£6,452	£31,590	£29,975	£6,618	£4,365	£1,189	£27,965	£195,483

2024-25 rates	£5.00	£2.00	£14.08	£22.08	£12.05	£7.71	£10.07	£5.00	
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6.6 Trade Union Facility Time

De-delegation benefits schools through the provision of support from locally based and accredited trade union officials. Further details on what is provided are contained in **Appendix D**.

The following unions and the staff they support are as follows:

Union	Staff Supported
National Education Union (NEU)	Teaching & Support
National Association of Schoolmasters Union of Women Teachers (NASUWT)	Teaching
Community	Teaching
National Association of Head Teachers (NAHT)	Teaching
Association of School and College Leaders (ASCL)	Teaching
UNISON	Support
GMB	Support

Last year the Forum agreed an increase in the sum per pupil de-delegated from £2.63 to £2.80 to help meet the rise in salary costs of the local trade union representatives delivering the service.

If the price remained unchanged the figures for 2025-26 would be as follows.

2025-26	Primary
Formula factor	AWPU
Amount	£2.80
Total	£48,905

2024-25	£2.80
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Shown below are the figures if the sum per pupil was increased by 5.5% in line with the proposed rise in teachers' pay. This would bring the per pupil amount to £2.80. The figures would be as follows.

2025-26	Primary
Formula factor	AWPU
Amount	£2.96
Total	£51,700

Education functions – applicable to LA maintained primary and special schools only

6.7 Statutory and regulatory duties

The Schools Funding Forum has previously received reports on the withdrawal of the Education Services Grant (ESG) which was allocated to local authorities by the Government for the provision of statutory services in relation to schools. Academies also received ESG. That has also ceased.

The reports advised that from an original allocation of £2.3m, £589k had been transferred to the DSG leaving no funding source to meet the remaining costs. After reducing its operational costs by £590k this left a shortfall of £1.2m.

In reducing the funding to local authorities, the DFE introduced a provision within the School Funding Regulations for local authorities to agree a contribution from LA maintained schools towards the cost of statutory services and specific tasks that are carried out for them but not for academies. This principle reflects the charge that most Multi Academy Trusts place on their partner academies for central services.

The contribution from LA maintained schools budgets' was introduced for the 2018-19 financial year and was set at £19.89 per pupil for primary schools and £44.00 per place for special schools. The primary school rate was reduced to £17.90 for 2019-20. For the last three years the rate has been increased in line with the rise in NFF factor values and currently stands at £19.31 for mainstream schools and £45.00 for each special school place.

For 2025-26 the LA is again proposing that the rate for LA maintained primary schools is increased in line with the rise in NFF factor values, excluding any increases due to any grants rolling into the NFF rates.

The cost of providing the services supported by this funding is comprised largely of staff salaries that are expected to rise by at least 5% this year.

The new rate would produce a minimum total contribution of £341,000, as outlined in the table below that demonstrates the 2024-25 contribution.

2024-25	Primary	Special
Formula factor	AWPU	Place
Amount	£19.31	£45.00
Total	£334,000	£7,000

A list of the different LA responsibilities for maintained schools that may be funded from this contribution is attached at **Appendix E**.

6.8 Core school improvement activities

In January 2022 the DfE announced that the School Improvement, Monitoring and Brokerage Grant paid to local authorities would be reduced by 50% for financial year 2022-23 and then removed completely from 2023-24.

At the same time, local authorities were given the power to fund all improvement activity, including core activity, via de-delegation with the agreement of Schools Forums or the Secretary of State.

At the February 2022 meeting of the Schools Funding Forum, the members representing LA maintained schools agreed the de-delegation of £5.11 per pupil for core school improvement activities for the financial year 2022-23. This generated a sum equivalent to the 50% of the grant that was withdrawn.

During the summer term 2022, the LA worked with a group of school and academy leaders to refresh its Quality Assurance (QA) Framework. A key objective of the LA is that all children will attend a school this is judged to be Good or Outstanding by Ofsted. To support the maintenance of high standards, all LA maintained schools will be included in the QA cycle.

Following on from this, the core school improvement activities to be funded from de-delegation were determined. For 2023-24, the LA proposed that the sum de-delegated should remain at £5.11 per pupil ensuring schools would be asked to contribute only 50% of the grant withdrawn. At the meeting of the Forum held on 1st December 2022 the LA maintained primary school representatives agreed to de-delegation.

For 2024-25, the LA sought the de-delegation of £5.11 per pupil which generates 50% of the DfE grant withdrawn. School Forum representatives for maintained schools agreed for the de-delegation to remain unchanged.

For 2025-26, despite increased costs, we may be able to reduce the spend by £30,000, by delivering more of the intervention work internally, rather than via external resource.

For 2025-26 the LA is proposing the de-delegation for School Improvement activities to be reduced from £5.11 per pupil to £3.38 per pupil.

Details of the service provided are shown in **Appendix F**.

2025-26	Primary	Special
Formula factor	AWPU	Place
Amount	£3.38	£10.14
Total	£58,406	£1,587

2024-25	£5.11	£15.33
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