

CITY OF WESTMINSTER**SCHOOLS' FORUM 11th NOVEMBER 2024****REPORT BY LEAD STRATEGIC FINANCE MANAGER - CHILDREN'S SERVICES****2025-26 DEDICATED SCHOOL GRANT (DSG) POSITION AND LOCAL FUNDING FORMULA****Purpose of the report**

This report provides the position regarding the delayed information on the 2025/26 schools block of the Dedicated Schools Grant (DSG). The local funding formula to be used to calculate individual school budgets in 2025/26 is included.

FOR INFORMATION**1 INTRODUCTION**

- 1.1 The publication of the notional schools and high needs national funding formula (NFF) allocations for 2025/26 has been delayed due to the timing of the general election. The deadline for the Local Authority to complete all school funding allocations is still expected to be around the usual deadline of 22nd January 2025.
- 1.2 The ESFA provides pre-16 funding for schools to local authorities via the DSG. Funding is distributed to schools in Westminster through a locally agreed funding formula.
- 1.3 Schools' Forum (13th November 2023) considered two options over three years regarding the review of the schools block funding formula which is used to allocate funds to all schools. The option agreed moved a further 30% towards the NFF factor values with MFG at maximum +0.5% per pupil increase and Age Weighted Pupil Units (AWPU) values as the balancing figure in 2024/25 and a further 30% move towards the NFF factor values in 2025/26 and full NFF 2026/27. Schools Forum also agreed that the agreed model is reviewed annually to consider the changing school funding landscape.

2 ESFA SUMMARY POLICY NOTE RE 2025/26

- 2.1 In advance of the Department for Education (DfE) confirming the NFF factor values and DSG allocations for 2025/26 the ESFA have published a summary policy note to help with local authority planning.

- 2.2 The DfE aim to publish NFF allocations for schools and all supporting documents on the NFF (including the schools operational guide and NFF technical note), for 2025/26 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.
- 2.3 The teachers' pay additional grant (TPAG) and the teachers' pension employer contribution grant (TPECG) 2024 will be rolled into the schools block of the DSG for 2025/26.
- 2.4 The recently announced core schools budget grant (CSBG) will also be rolled into the schools block in 2025/26. The total funding in the CSBG in 2024/25 is calculated to match, at a national level, the funding needed to meet the full-year cost of the support staff pay award, as well as the part-year cost of the 2024 teachers' pay award (from September 2024). Therefore, to roll in this funding, the ESFA will calculate and add the full year equivalent of the whole of the CSBG.

3 EARLY YEARS BLOCK

- 3.1 Announcements regarding Early Years funding are expected in December 2024 and proposals regarding 2025/26 funding will be brought to the January Schools Forum. The Early Years Budget Grant (EYBG) will be rolled into the Early Years DSG from April 2025 and will therefore be subject to any allowable retention when calculating the pass-through rate, in line with DfE guidance. This means there is a possibility that the combined hourly rates from September 2024 to March 2025 may be higher than the new rates from April 2025. The rates for the new financial year have not yet been announced by the DfE.

4 LOCAL AUTHORITY FORMULAE IN 2025/26

- 4.1 Local Authorities will continue to set local funding formula in 2025/26 within the DfE parameters to be published after the budget announcement. This is expected to confirm requirements on LAs to bring their local funding formulae closer to the NFF in 2025/26, following the initial transitional steps in 2023/24 and 2024/25.
- 4.2 In addition, Local Authorities will continue to set a Minimum Funding Guarantee (MFG) protection in local formulae, the details of which will be provided after the budget announcement. In 2024/25 this was required to be between +0% and +0.5% per pupil compared to per pupil funding in 2023/24.

5 NEXT STEPS FOR FINALISING SCHOOL FUNDING FOR 2025/26

	Description	Timing	Comments
1.	Schools Forum recommend funding for de-delegation items such as trade union cover costs and the total school budget to be allocated to schools.	January 2025 Schools Forum	
2.	The funding formula option selected at the November 2023 Schools Forum will be updated based on information provided by the ESFA in December 2024 re October 2024 roll numbers and pupil characteristics for free school meals, low prior attainment etc and estimated NNDR. This will provide the estimated final school budgets for 2025/26	January 2025	These budgets can be used for initial preparation of three year budget plans
3.	Schools issued with final budgets	February 2025	Once DfE agree submitted school budget tool

6 RECOMMENDATIONS

6.1 Schools' Forum are recommended to:

- 6.1.1 review school budget figures after information has been received from the ESFA, but before the January 2025 statutory deadline for the ESFA APT submission.
- 6.1.2 note the next steps for finalising schools funding for 2025/26 (section 5).
- 6.1.3 note that proposals will be brought to the January meeting of the Schools' Forum regarding de-delegation for maintained schools (including restructuring costs).

Anita Stokes
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Background papers:

ESFA – Updated Operational Guidance 2024/25

[Schools operational guide: 2024 to 2025 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/schools-operational-guide-2024-to-2025)

Implementing the Direct National Funding Formula. Government consultation response

[Implementing the Direct National Funding Formula Government consultation response \(publishing.service.gov.uk\)](https://publishing.service.gov.uk/government/consultations/implementing-the-direct-national-funding-formula-gov-uk)

ESFA summary policy note

[Pre-16 schools funding: local authority guidance for 2025 to 2026 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/pre-16-schools-funding-local-authority-guidance-for-2025-to-2026)

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