

**TO: Schools Forum**  
**14 November 2024**

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**Update on 2025-26 School Budgets including outcomes from the October 2024  
Financial Consultation with Schools  
Executive Director: People / Resources**

**1 Introduction**

- 1.1 The purpose of this report is to provide an update to the Schools Forum on the latest information from the Department of Education (DfE) in respect of the 2025-26 Financial Settlement for schools and the responses received from schools to the annual financial consultation.
- 1.2 Views are also sought from the Forum regarding whether schools should be consulted on widening the calculation of the Block Transfer from the Schools Block (SB) to the High Needs Block (HNB) to include those schools funded at the lowest per pupil amount normally permitted by the DfE through the Minimum Per Pupil Funding Level (MPPFL).

**2 Executive Summary**

- 2.1 A general DfE announcement following the October 2024 budget has confirmed an additional £2.3 bn funding for schools, £1 bn of which will be directed to the Special Education Needs and Disabilities (SEND) system, with the remaining increase to the schools budget to fully fund the 5.5% September 2024 pay award for teachers and help cover pay awards in 2025-26. Additional funding will also be made available to support schools with the cost increase associated with changes to employer National Insurance Contributions. According to the Education Policy Institute (EPI) <sup>1</sup>, these changes represent a real-terms increase in funding of 1.8%.
- 2.2 The DfE has confirmed that details of the 2025-26 financial settlement for schools are expected to be made available at the end of November. Due to the resultant uncertainties, it is not possible to undertake meaningful budget modelling, resulting in further delays in making proposals for the 2025-26 SB Budget.
- 2.3 One new update has recently emerged where views are now being sought from the Forum. This relates to the calculation of the Block Transfer / Top Slice from the SB to the HNB. The DfE has now confirmed that local authorities can request a “disapplication” to the MPPFL values i.e. apply different values than those set by the DfE in the National Funding Formula (NFF)<sup>2</sup>. This means that subject to Secretary of State agreement, the calculation of the Block Transfer / Top Slice could in future include a contribution from schools that are initially funded at the national MPPFL.
- 2.4 Such a change would not generate a greater transfer of funds out of the SB as this is capped at 1% of the total SB, and no more than 0.5% per school. The change would mean all schools contribute, with 7 currently exempt.

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<sup>1</sup> The EPI is a charity aiming to “raise standards in education through rigorous data analysis, research and the exchange of information and knowledge to help inform the public and hold government and decision-makers to account.”

<sup>2</sup> The NFF distributes funding based on schools’ and pupils’ needs and characteristics and uses the same factor values for all schools across the country. The exception to this being an area cost adjustment (ACA) uplift which is paid to areas with high costs. BF receives a 5.7% uplift

- 2.5 In terms of the financial consultation, responses showed clear support from maintained schools for continuing to maximise the strategic and cost-effective benefits that can arise from central management through the de-delegation route on permitted services. Furthermore, there is strong support from maintained schools to continue to contribute £20 per pupil towards the cost to the council of meeting education statutory and regulatory duties that the DfE no longer provides LAs with grant funding to meet their responsibilities.
- 2.6 In terms of allocating funds to mainstream schools, there is also strong support from schools to applying minimum per pupil funding increases at the lowest permitted rate, which is expected to be 0% but has yet to be confirmed by the DfE.
- 2.7 The decisions taken on the outcomes from the consultation will assist with the on-going preparation of the 2025-26 budget. As some of the questions only impact on specific groups, DfE only allows Forum members representing these groups to make relevant decisions. The report recommendations are therefore presented to reflect this.

### **3 Recommendations**

#### **3.1 To AGREE that after taking account of the school responses to the October 2024 financial consultation:**

##### **Item for Maintained Primary School members only**

- 1) de-delegation of budgets continues for the services requested by the council.**

##### **Item for Maintained Secondary School member only**

- 2) de-delegation of budgets continues for the services requested by the council.**

##### **Item for all Maintained School members only**

- 3) a £20 per pupil contribution continues to be made by maintained schools towards the cost of delivering 'general' education related statutory and regulatory duties.**

##### **Items for all Forum members**

#### **3.2 To AGREE if a consultation should be undertaken with all schools to gather views on whether the calculation of the Block Transfer from the Schools Block to the High Needs Block budget should be updated to include schools funded at the Minimum Per Pupil Funding Level.**

### **4 Reasons for Recommendations**

- 4.1 To ensure the majority views as expressed by schools through the financial consultation are considered when relevant budget decisions are taken.

### **5 Alternative Options Considered**

- 5.1 These were set out in the consultation document.

## 6 Supporting Information

### Update on 2025-26 Financial Settlement for schools

- 6.1 The previous meeting of the Forum received confirmation that the change in government following the July general election would prevent the normal July release of key budget setting data for 2025-26. This reflected the resultant delay in agreeing Departmental budgets.
- 6.2 A general DfE announcement following the October 2024 budget has confirmed an additional £2.3 bn funding for schools, £1 bn of which will be directed to the Special Education Needs and Disabilities (SEND) system, with the remaining increase to the schools budget to fully fund the 5.5% September 2024 pay award for teachers and help cover pay awards in 2025-26. Additional funding will also be made available to support schools with the additional cost associated with changes to employer National Insurance Contributions. According to the EPI, these changes represent a real-terms increase of 1.8%.
- 6.3 On 25 October, the DfE provided an update on the statutory Funding Framework. “The school and local authority level National Funding Formula (NFF) allocations will be published as soon as possible following the budget. To allow sufficient time to quality assure the accuracy of the allocations, we expect that the allocations will be published in late November.”
- 6.4 This latest update also confirmed what had been anticipated on the following areas:
1. The 2025 to 2026 schools NFF will use the same factors as the 2024 to 2025 NFF.
  2. The funding framework will continue to provide funding protections through the Minimum Funding Guarantee (MFG)<sup>3</sup> and Minimum Per Pupil Funding Levels (MPPFL)<sup>4</sup>
  3. The teachers’ pay additional grant (TPAG) 2023 and the teachers’ pension employer contribution grant (TPECG) will be rolled into the NFF for 2025 to 2026. The recently announced core schools budget grant (CSBG) will also be rolled into the schools NFF for 2025 to 2026.
  4. Local authorities will be responsible for deciding local funding formulae for mainstream schools in their area. The funding levels that schools – both maintained schools and academies – receive will be determined by the respective local formulae.
- 6.5 At publication of this report, relevant information had not been released by the DfE for any meaningful modelling of 2025-26 budgets for schools.
- 6.6 What has also recently emerged, which is contrary to advice received for the 2024-25 Schools Budget, is that the DfE has now confirmed that local authorities can request a “disapplication” to the MPPFL values i.e. apply different values than those set by the

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<sup>3</sup> The MFG compares per pupil funding allocations between years and where the change is below the minimum threshold, a funding top-up is added to meet the minimum per pupil change requirement. The MFG calculation required by the DfE excludes funding for business rates and fixed lump sum allocations. The cost of top-up funding is financed by scaling back increases to schools experiencing the highest proportional funding gains

<sup>4</sup> The NFF includes MPPFLs that are applied equally to all primary and secondary schools (£4,655 and £6,050 respectively in 2024-25). The only factors not included in per-pupil funding for the purpose of the MPPL calculation are premises e.g. business rates

DfE in the NFF. This means that subject to Secretary of State agreement, the calculation of the Block Transfer / Top Slice could in future include a contribution from schools that are initially funded at the national MPPFL.

- 6.7 This update does warrant review by the Schools Forum in respect of whether a change should be considered in the calculation of the current 1% transfer of SB income to the HNB. This is currently achieved by a maximum 0.5% top slice at individual school level, excluding schools on the MPPFL, plus a share of Schools Block income received through use of Dedicated Schools Grant<sup>5</sup> Growth Fund and also a share of the Central School Services Block<sup>6</sup> DSG.
- 6.8 The equivalent of 1% transfer of funds from the Schools Block to the High Needs Block would not increase if schools on the MPPFL were subject to the top slice. If a contribution was agreed to be made from these schools, this is expected to reduce the contribution from the DSG Growth Fund allocation, resulting in more of these funds remaining in the Schools Block budget for general distribution to all schools.
- 6.9 The key consideration is whether some schools should be excluded from the top slice calculation. In the current year, 6 schools are completely excluded from making a contribution, with one making a contribution of 0.17% of budget as it was in receipt of a MPPFL top up of below the 0.5% cap.
- 6.10 If schools on the MPPFL were to be included in the top slice calculation, the deduction would not necessarily be a standard 0.5% to each relevant school's budget. This is because the MPPFL has to be applied as a fixed cash amount to all qualifying schools. The value of the MPPFL would need to be set at a level that ensures no school experiences a greater deduction in funding than 0.5%.
- 6.11 With the detailed 2025-26 financial settlement for schools yet to be published, it is not possible now to produce robust calculations on likely 2025-26 top slice contributions from individual schools.
- 6.12 If the Forum supported such a change, a disapplication request would be made to the Secretary of State where the most important factors will be the outcome of consultations with schools, the views of the Schools Forum on reducing the MPPFL, and a strong justification for why this disapplication is necessary.
- 6.13 Views are therefore sought from the Forum on whether a consultation should be undertaken with schools to gather views on extending the top slice to schools on the MPPFL. Financial exemplifications of such a change at individual school level would be provided if sufficient information has been released in time from the DfE, or the council is able to make a reasonable estimate.

#### Outcomes from the financial consultation with schools

- 6.14 An annual consultation is undertaken with school to provide an initial overview of school funding for the next financial year and to also meet DfE consultation requirements.

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<sup>5</sup> The DSG is a specific grant provided by the Department for Education to local authorities. It funds current expenditure on schools, early years and children and young people with high needs. The DSG is the main source of income from the schools budget.

<sup>6</sup> The CSSB covers funding allocated to local authorities to carry out central functions on behalf of pupils in both maintained schools and academies in England

- 6.15 With an agreed financial strategy in place for a number of years now to mirror as closely as possible the NFF, questions are limited to views on the level and funding required for setting the minimum per pupil funding increase from 2024-25 through the MFG, whether maintained schools supported on-going de-delegation of budgets and also whether a financial contribution should continue to be made to the council in respect of the cost of meeting statutory education related duties.
- 6.16 Responses from the financial consultation showed clear support from maintained schools for continuing to maximise the strategic and cost-effective benefits that can arise from central management through the de-delegation route on permitted services. Furthermore, there is strong support from maintained schools to continue to contribute £20 per pupil towards the cost to the council of meeting education statutory and regulatory duties that the DfE no longer provides LAs with grant funding to meet their responsibilities. Schools also demonstrated strong support for the treatment proposed for the MFG. Whilst the response rate reduced from 51% to 37%, there is confidence that the consultation responses provide enough consensus to make decisions.
- 6.17 The following tables set out a summary of the key elements of the financial consultation. Annex 1 provides more detailed information.

*Response rate: 37% (51% in 2023)*

<b>School type:</b>	<b>%</b>	<b>Replies</b>	<b>Phase:</b>	<b>%</b>	<b>Replies</b>
Maintained	50%	10	Primary	37%	11
Academy	22%	4	Secondary	33%	2
			All through	100%	1
			Special / PRU	0%	0
	<b>37%</b>	<b>14</b>	<b>Overall</b>	<b>37%</b>	<b>14</b>

*Responses to the questions (note not all schools responded to all questions)*

Question	Yes	No	No. of Replies	Impacts:
1. Should minimum increases in per pupil funding be set at the lowest amount permitted by the DfE, estimated at nil %?	100%	0%	14	All schools including special
2. Should the cost of financing any impact from 1. be met from deductions to schools receiving the highest % increase?	92%	8%	13	Mainstream schools only
3. Should de-delegation continue on permitted services?	100%	0%	9	Maintained mainstream schools only
4. Should maintained schools continue to contribute £20 per pupil to LA statutory education related costs?	100%	0%	9	Maintained schools only

6.18 Comments were received from 3 schools which related to:

1. High costs being experienced by schools with insufficient funding increases, with a bigger impact on small schools;
2. De-delegated services, where more information on some services was requested and some services not meeting school needs;
3. Greater information on Education related statutory and regulatory.

Annex 3 sets out the detailed responses received.

## **7 Advice Received from Statutory and other Officers**

### Borough Solicitor

7.1 The relevant legal implications are addressed within the main body of the report.

### Director of Resources

7.2 The Director of Resources is satisfied that there are no significant financial implications arising from this budget policy setting report.

### Equalities Impact Assessment

7.3 The need for an EIA will be taken when the final budget proposals are confirmed.

### Strategic Risk Management Issues

7.4 None identified.

### Climate Change Impact

7.5 None identified.

### Health Impact

7.6 None identified.

## **8 Consultation**

### Principal Groups Consulted

8.1 People Directorate Management Team, school governors, head teachers, Schools Forum and schools.

### Method of Consultation

8.2 Written reports and formal consultation with schools.

### Representations Received

8.3 Included in body of this report.

Background Papers

None

Contact for further information

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## Outcomes from the October 2024 Financial Consultation with Schools

1. By the October response deadline, replies had been received from 14 out of 38 schools (37% response rate – was 51% last year). A reply was received from 11 primary schools (37%), 2 secondary schools (33%) and KAB Binfield all through school. This represents a reduced response rate from previous years but there is a general consensus in responses, which gives confidence that decisions on these matters can be taken that reflect the view of respondents.
2. The questions are set out below and responses summarised. A numerical summary of replies to each question can be found at Annex 2.
3. In terms of agreeing decisions from this consultation, the Executive Member for CYPL has the statutory duty in respect of agreeing the MFG (questions 1 to 2). For de-delegation, the maintained school members of the Forum decide for their phase (question 3) with any contribution to education related statutory duties being decided by the relevant maintained school members (question 4).

### 4. Question 1: Strategy for allocating funds to schools

**Do you agree that subject to affordability, that both mainstream and special schools should receive a minimum permitted change in per pupil funding from the 2024-25 financial year? The range of values permitted by the DfE is expected to be between 0% and +0.5%.**

This question relates to the Minimum Funding Guarantee (MFG) which LAs are required to apply and requires funding top-up to schools where the ordinary operation of the Funding Formula results in a change in per pupil funding that is below a specified percentage. It compares the final budget from one year to the next and adjusts for changes in the number of pupils.

All 14 responses supported this proposal.

### 5. Question 2: Strategy for allocating funds to schools

**Do you agree that we should continue to fund any cost associated with providing all mainstream schools with the agreed minimum percentage increase in per pupil funding from 2024-25 by limiting increases to those mainstream schools receiving the largest increases in per pupil funding, typically those above the average percentage increase?**

Where top-up funding is required through the MFG, the main option available to finance the cost relates to scaling increases to schools with increases above the minimum threshold. The consultation proposed limiting the scaling of increases to only those schools receiving above the average percentage increase. An alternative approach would be to scale increases to all schools receiving a rise in per pupil funding.

Responses from 12 schools (92%) supported this proposal. 1 disagreed (8%).



6. **Question 3: de-delegated services**

**To continue the strategic and cost effective approach in the use of the funds for contingencies (including schools in financial difficulties including those in or in danger of entering an Ofsted category), support to underperforming ethnic groups, CLEAPSS licence fees, staff supply cover costs, premature retirement / dismissal cost, free school meal eligibility checking and Behaviour Support Services, do you agree that the Schools Forum should again agree to de-delegate all relevant funding for continued central management by the LA?**

Note this question only impacts on maintained, mainstream schools.

All 9 responses from schools impacted form this decision supported the proposal.

7. **Question 4: statutory education related duties**

**In respect of making a financial contribution to the education related statutory and regulatory duties required of the council that are no longer financed through DfE grant, do you agree that maintained schools should continue to make a £20 per pupil / place contribution?**

Note this question only impacts on maintained schools, including mainstream special schools and Pupil Referral Units.

From April 2017, the DfE implemented a saving of £600m through the complete withdrawal of the Education Services Grant (ESG) which was the mechanism used to fund LAs for their statutory and regulatory education related duties as prescribed in various Education Acts and other relevant statutes. This resulted in the council losing £1.2m of grant but continuing to have to meet the same requirements. The DfE “recognise that local authorities will need to use other sources of funding to pay for education services once the general funding rate has been removed” and will “allow local authorities to retain some of their schools block funding to cover the statutory duties that they carry out for maintained schools which were previously funded through the ESG.” Schools have always previously agreed to a £20 per pupil deduction which would contribute around £0.18m to the £1.2m loss in grant. The deduction, if agreed, is taken after the calculation of final school budgets.

Note this question only impacts on maintained, mainstream schools.

All 9 responses from schools impacted form this decision supported the proposal.

## Summary responses to the October 2024 financial consultation with schools

QUESTION	TOTALS				TOTAL	%
	PRIMARY	SECONDARY	ALL THROUGH	SPECIAL		
<p><sup>-</sup>1 Do you agree that subject to affordability, that both mainstream and special schools should receive the minimum permitted change in per pupil funding from the 2024-25 financial year? The range of values permitted by the DfE is expected to be between 0% and +0.5%.</p>						
Yes	11	2	1	0	14	100%
No	0	0	0	0	0	0%
No reply / not applicable	0	0	0	0	0	
2 Do you agree that we should continue to fund any cost associated with providing all mainstream schools with the agreed minimum percentage increase in per pupil funding from 2024-25 by limiting increases to those mainstream schools receiving the largest increases in per pupil funding, typically those above the average percentage increase?						
Yes	11	1	0	0	12	92%
No	0	1	0	0	1	8%
No reply / not applicable	0	0	1	0	1	

QUESTION	TOTALS				TOTAL	%
	PRIMARY	SECONDARY	ALL THROUGH	SPECIAL		
<p>3 To continue the strategic and cost effective approach in the use of the funds for contingencies (including schools in financial difficulties including those in or in danger of entering an Ofsted category), support to underperforming ethnic groups, CLEAPSS licence fees, staff supply cover costs, premature retirement / dismissal cost, free school meal eligibility checking and Behaviour Support Services, do you agree that the Schools Forum should again agree to de-delegate all relevant funding for continued central management by the LA?</p> <p>Note: If the total spend incurred by the council in delivering de-delegated services is below the amount of funds provided by maintained schools, then the amount of underspending is returned to maintained schools at the end of the financial year?</p>						
Yes	8	1	0	0	9	100
No	0	0	0	0	0	0%
No reply / not applicable	3	1	1	0	5	
4 In respect of making a financial contribution to the education related statutory and regulatory duties required of the council that are no longer financed through DfE grant, do you agree that maintained schools should continue to make a £20 per pupil / place contribution?						
Yes	8	1	0	0	9	100%
No	0	0	0	0	0	0%
No reply / not applicable	3	1	1	0	5	

## School comments rising from the October 2023 financial consultation

School	Comment
Crowthorne Primary	<p>As always, we have the following costs that put an additional financial strain on us:</p> <ul style="list-style-type: none"> <li>- As a one form entry school, we have higher 'per head' costs</li> <li>- We have an old building, and so more costly upkeep costs (than newer schools)</li> <li>- We have a lot of trees/natural areas that can potentially have a large yearly cost to keep safe.</li> <li>- Our PP children numbers are small compared to other schools, however, that in itself puts strain on us financially, as extra interventions are more costly on a 'one to one' basis, rather than say a 'three to one' basis</li> <li>- Utility costs continue to be a concern as the cost (though not as high as previous year) still remain high</li> <li>- We will be getting help with the teacher pay increases (not a full amount though), but nothing to cover teh pay increases for other staff is a concern</li> </ul> <p>Other issues:</p> <ul style="list-style-type: none"> <li>- The way 'other staffs' pay increases are a 'fixed figure' and not a % (like teachers) so salary increase isn't consistent through all support staff is unfair.</li> </ul>
Binfield Primary	<p>Response for 3 is unable to answer- what are we getting for support to underperforming ethnic groups and Behaviour Support Services, request more details, Cleapss Licence fees is secondary only,  Response for 4 is unable to answer at this stage, would like more detail on what is provided to schools for the £20.00 pupil contribution that is different to what is paid for via an SLA</p>
Holly Spring Primary	<p>The service received from Behaviour Support, within the de-delegated section, does not meet the requirements of the school. This is the one area that we would like to see removed as we feel we are funding this ourselves.</p>