**Dedicated Schools Grant Update 2025/26**

**Mainstream School Reception to Year 11 Budget Principles 2025/26**

**Autumn 2024 Consultation**

1. **The 2025 to 2026 school funding arrangements**
	1. Due to the timing of the general election in July 2024, the publication of the notional schools and high needs national funding formula (NFF) allocations for 2025 to 2026 has been delayed.
	2. The Education and Skills Funding Agency (ESFA) intend to publish notional NFF allocations for all schools by the end of November 2024 following the budget announcement on 30th October 2024. The final DSG allocations will be published in December 2024.
	3. The ESFA has confirmed that there will be no substantial change to the structure of the schools NFF for 2025 to 2026, that is the factors used and how they will operate. There will be no substantial changes to the NFF for 2025 to 2026.
	4. Due to the delay, there are no calculations or models available for the 2025 to 2026 schools budget. The models will be produced over the Christmas and new year period for presentation to the Schools Forum on 21st January 2025.
	5. Officers will consult with schools in November 2024 regarding the key variables where local discretion is possible within the National Funding Formula. Budget 2025/26 consultation feedback can be submitted using the link below until Tuesday 3rd December 2024.

[**https://forms.office.com/e/qQeyuxvJ98**](https://forms.office.com/e/qQeyuxvJ98)

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* 1. Feedback from this consultation will be presented to Schools Forum on 10th December 2024 with proposed principles for budget modelling over the Christmas break and final decision at Schools Forum on 21st January 2025.
	2. Two Schools budget workshops will be scheduled in advance of Schools Forum during the first full week in January following the start of the Spring Term 2025. Headteachers, finance leads and governors can book into a session using the links below.
* Thursday 9th January 15:45 to 17:00

[Schools budget workshop - Learning Partnership](https://lbhflearningpartnership.com/events/schools-budget-workshop/)

* Friday 10th January 09:30 to 10:45

[Schools budget workshop - Learning Partnership](https://lbhflearningpartnership.com/events/schools-budget-workshop-2/)

1. **Introduction to the budget and context**
	1. This consultation document sets out the proposals for the Schools Block of the Dedicated Schools Grant (DSG) for the period April 2025 to March 2026. We are asking you to comment on the principles of how the budget is modelled in the absence of any funding allocations.
	2. The consultation relates to the funding of mainstream maintained schools, academies and free schools. The consultation does not cover the funding arrangements for maintained nursery schools or special schools as funding for these schools comes from the Early Years and High Needs Block of the Dedicated Schools Grant.
	3. Copies of this document will be sent to School Business Managers and Finance Directors and are available on the Learning Partnership website and will be publicised through SchoolZone and Governors’ Hub.
	4. Financial illustrations will be presented to Schools Forum on 10th December 2024 if available. Otherwise they will be presented to the Schools Forum on 14th January 2025
	5. You are invited to comment and feedback on the proposed principles by completing the survey on the link below in relation to the consultation questions detailed in this document.
	6. The consultation period will run from Tuesday 19th November to Tuesday 3rd December.
	7. A link to the consultation survey can be found in paragraph 1.5 above and will be sent by email to all Head Teachers on Tuesday 19th November and should be completed by close of business on *Tuesday 3rd November.* If you do not receive the consultation link please contact the Education Finance Team (edufinance@lbhf.gov.uk).

**We would be grateful if schools could coordinate their responses between interested parties and return only one response per school.**

* 1. Consultation responses will be collated and reported to the Schools Forum on Tuesday 10th December so that key decisions can be made in line with DfE deadlines.
	2. The final schools block allocations for 2025/26 are expected to be received on the 20th December 2024 unless the ESFA are able to issue them prior to this date. The school budget models and financial illustrations will be worked on as a priority. Final models will be prepared for the Schools Forum on January21st 2025, when final schools budget allocations for 2025/26 will be agreed.
1. **Schools Budget – An overview**
	1. Total core schools funding is increasing nationally by £2.3 billion in 2025/26. This includes funding through the schools NFF, high needs funding, Central Schools Services Block (CSSB) of the DSG and the pupil premium.
	2. Funding provided to mainstream schools through the Teachers Pay Additional Grant (TPAG) and the Core Schools Budget Grant (CSBG) will be rolled into the schools NFF for 2025/26. In addition, the ESFA anticipate that further funding, in respect of the increase in National Insurance contributions, will be provided on 2025/26 by a grant outside the NFF.
2. **Funding levels – Schools NFF**
	1. An additional £1.3 billion will cover the remaining costs of the 2024 teachers’ pay award in mainstream schools so that the full 12 months of salary costs are fully funded at a national level, an increase to the mainstream schools NFF, increases to the pupil premium and other elements of core funding.
	2. Factor values will increase to take account of the rolling in of the TPAG and CSBG and the remaining funding available for schools in 2025/26.
3. **Schools Block – proposed modelling for 2025/26 Schools Block budget share for Mainstream schools**
	1. The modelling for 2025/26 will use the ESFA’s Authority Proforma Tool (APT) and 2025/26 operational guidance to model an affordable budget allocation model/s for 2025/26.
	2. The model/s will illustrate the impact on allocations from changing key variables allowed within the NFF in 2025/26:
* NFF values after the area cost adjustment (ACA) for inner London
* Minimum Funding Guarantee (MFG) set within the required level by the NFF set between an increase of 0% and 0.5%. It is assumed that these percentages will continue to apply in 2025/26.
* Factor rates uplifted by a percentage across all factor rates in so far this is affordable to ensure all funding is allocated.
	1. The model/s will assume continuing support in 2025/26 to the High Needs Block through a 1% transfer from the Schools Block :
* Continues the level of block transfer agreed by the Schools Forum and the Minister of State for the 2024/25 budget
* The value of the block transfer in 2024/25 was £1.179m. We anticipate that this will rise in the 2025/26 budget
* A disapplication above a level of 0.5% requires Schools Forum approval and a disapplication to the Minister of State was completed following Schools Forum on 12th November 2024.
* The continued disapplication is required for the short to medium term sustainability of the High Needs Block.
1. **Consultation Questions for Feedback**

The consultation should be completed by close of business on Tuesday 3rd December 2024 by using the MS forms link below.

[**https://forms.office.com/e/qQeyuxvJ98**](https://forms.office.com/e/qQeyuxvJ98)

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Note questions 1-3 relate to respondent information.

**Question 4** – The LA is recommending setting the schools budget at the maximum Minimum Funding Guarantee (MFG) affordable up to the maximum allowable of 0.5%. It is assumed that the MFG percentages will remain the same in the 2025/26 National Funding Formula.

This approach will result in a higher proportion of funding being allocated through the MFG rather than through pupil-led factors.

Do you agree with the recommendation to maximise the MFG at 0.5% if affordable?

**Question 5** – Please provide any comments or feedback on the recommendation that the MFG is set at the maximum affordable?

**Question 6** - The other approach would be to set the MFG at 0% per pupil increase on pupil led factors and distribute the funding by an uplift on the funding factors. This would distribute a higher proportion of funding to schools based on the characteristics of their pupil co-hort.

This is likely to increase pupil led funding above NFF factor rate levels for some schools whilst potentially leaving some schools with 0% year on year increases in pupil led funding.

Do you think that the schools funding allocation should be distributed on this basis?

**Question 7** – please provide any comments on the alternative approach to set the MFG at 0% per pupil and distribute funding by an uplift on the funding factors?

**Question 8 –** the local authority have submitted a disapplication request to transfer 1% of the Schools Block to the High Needs Block. This:

* Continues the level of block transfer agreed by the Schools Forum and the Minister of State for the 2024/25 budget
* The value of the block transfer in 2024/25 was £1.179m. We anticipate that this will rise in the 2025/26 budget
* A disapplication above a level of 0.5% requires Schools Forum approval and a disapplication to the Minister of State was completed following Schools Forum on 12th November 2024.
* The continued disapplication is required for the short to medium term sustainability of the High Needs Block.

Do you have any comments on the decision by Schools Forum to continue the transfer 1% of the Schools Block funding to support expenditure for children with special educational needs in 2025/26?

**Question 9 –** Any other comments or feedback?

Please let us know of any other comments or feedback on the proposed Hammersmith and Fulham Schools Block Funding Formula or other ways to reduce costs through innovation, further collaboration or cost sharing arrangements?

**ENDS**