

# **School Funding 2025-26:**

**Consultation document**

**October 2024**

**Closing date for responses Thursday 24  
October 2024**

**EALING COUNCIL**



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## Introduction

1. The local authority are required to consult annually with all maintained schools and academies in their area about any proposed changes to the local schools funding formula including the method, principles and rules adopted. The consultation responses will inform schools forum and local authority decision making.
2. The phased implementation of the national funding formula (NFF) for the Early Years (EY), Schools Block (SB), High Needs (HN) and Central School Services Block (CSSB) of the Dedicated Schools Grant will continue in 2025-26. This document seeks the views of schools, academies and free schools on several proposals in respect of the SB, CSSB and HN Blocks, specifically:
  - The value of the mainstream school minimum funding guarantee (MFG). It is proposed to set this at the minimum allowable value;
  - Growth fund rules and values, along with implications if the grant is insufficient to cover projected growth in primary and high schools in 2025-26;
  - Whether to introduce a falling rolls fund;
  - Services for maintained schools (Education functions);
  - De-delegation of funding (maintained schools only);
  - The distribution of the central school services block and historic commitments funding;
  - Maintaining a transfer from the schools to the high needs block of 0.5 per cent, expected to be approximately £1.65m; and
  - The balance control mechanism

3. Responses should be made using the on-line survey and should be completed by Thursday 24 October 2024.

<https://www.research.net/r/schoolfunding2526>

4. Please note the consultation document and the financial impact of these changes were modelled based on 2024-25 data. Allocations for 2025-26 will use October 2024 census information. Provisional block announcements and funding guidance are normally published in July and would usually form the basis for the consultation questions, but these have been delayed following the election of the new government. We do not yet have an indication of when these will be announced but have made the decision to consult on the key principles ahead of the announcement to enable forum to take the views of schools into consideration in the decisions that need to be made at the November forum meeting.

### **Decision Making Timetable**

5. To take account of the DfE and council democratic decision-making timetables, the intention is to report the findings of the consultation to the schools forum in November. We will ask the forum for decisions at that meeting, where possible, on the MFG, growth and falling roll funds, de-delegation, central budgets and the Schools Block to High Needs Block transfer. Any decisions not made in November will need to be agreed by schools forum in January, ahead of the APT submission, with formal political ratification in February.

### **Schools Block (SB)**

6. The government have not yet published its proposals for school funding for 2025-26. They have however already confirmed that the 2024-25 Teacher Pay Grant (TPAG), Teacher Pension Employer Contributions Grant (TPECG 24) and Core Schools Budget Grant (CSBG) will be rolled into the schools NFF for 2025-26. We anticipate that this will be in a similar way to previous grant funding ie. by
  - adding an amount representing what schools received through the grants into their baselines
  - adding the value of the lump sum, basic per pupil rates and free school meal ever 6 (FSM6) parts of the grants onto the respective factors in the NFF
  - uplifting the minimum per pupil values by the basic per-pupil values of the three grants, and an additional amount which represents the average amount of funding schools receive from the FSM6 and lump sum parts of the grants
7. We then anticipate that there would be a further uplift to the core factors in the schools NFF on top of this to reflect anticipated pay and inflation pressures in 2025-26, although at this stage we do not have an indication of the level of increase.
8. Based on previous years approaches, we consider it likely that the PFI factor will increase by the Retail Prices Index excluding mortgage interest payments (RPIX), which is 2.3% for the year to April 2024.
9. We anticipate that the requirement for Local authorities to move their own formulae closer towards the schools NFF will continue in 2025 to 2026, and that Ealing, as a local authority who's funding formula is already substantially mirroring the NFF,

will continue to be allowed to set their 2025 to 2026 factor values anywhere within +/- 2.5% of the 2025 to 2026 NFF values.

## Funding Formula for pupils in R to Year 11 (mainstream schools)

10. The Ealing schools forum continued to support the principle of adopting the structure of the NFF as closely as possible in 2024-25. However, due to minimum funding guarantee (MFG) requirements, the high needs block transfer and substantial year on year increases in free school meal entitlement (and associated lag in these being reflected in the LA schools block allocation), there continued to be an affordability gap. Therefore, for affordability, the Ealing formula continued to set the values of the deprivation (FSM6 and IDACI) and low prior attainment factors at the maximum allowable -2.5% below the NFF values; and there was also a small adjustment to the age weighted pupil unit (AWPU) rates (-0.5%).
11. The structure of the NFF and the cash values Ealing adopted in 2024-25 are set out in **Table 1**, together with an illustration of what the uplift to these factors would be if the TPAG, TPECG and full year cost of the CSBG are rolled into the base values following the approach used for previous grants.
12. These figures represent a 7.6% increase in Ealing values are therefore anticipated to be the minimum equivalent values for 2025-26 as they currently exclude any additional uplift to the NFF formula factors for 2025-26 which are yet to be announced.

**Table 1: Ealing formula values 2024-25 and illustration of anticipated uplift to reflect the rolling in of the TPAG, TPECG and CSBG grant values**

Factor	Ealing Values 2024-25		TPAG, TPECG and annualised CSBG values 2024-25		Ealing Values 2024-25 (including uplift to basic entitlement, FSM6 and lump sum to reflect TPAG, TPECG and CSBG values)	
	Primary per pupil	High per pupil	Primary per pupil	High per pupil	Primary per pupil	High per pupil
	A	B	C	D	A+C	B+D
Primary (Years R-6)	£4,066.89		£306.70		£4,373.59	
Key Stage 3 (Y7-9)		£5,733.83		£432.76		£6,166.59
Key Stage 4 (Y10-11)		£6,463.40		£488.99		£6,952.39
FSM	£562.27	£562.27			£562.27	£562.27
FSM6	£917.41	£1,342.55	£273.11	£399.82	£1,190.52	£1,742.37
IDACI Band F	£262.92	£380.39			£262.92	£380.39
IDACI Band E	£318.86	£503.46			£318.86	£503.46
IDACI Band D	£497.86	£704.84			£497.86	£704.84
IDACI Band C	£542.61	£771.97			£542.61	£771.97
IDACI Band B	£576.18	£827.91			£576.18	£827.91
IDACI Band A	£760.78	£1,057.26			£760.78	£1,057.26
4) English as an Additional Language (EAL)	£677.01	£1,818.76			£677.01	£1,818.76
Mobility	£1,101.58	£1,583.52			£1,101.58	£1,583.52
Low Prior Attainment (LPA)	£1,308.99	£1,985.86			£1,308.99	£1,985.86
	<b>Per School</b>	<b>Per School</b>			<b>Per School</b>	<b>Per School</b>
Lump Sum	£154,221.31	£154,221.31	£11,563.66	£11,563.66	£165,784.97	£165,784.97

13. It is anticipated that the same adjustments to the NFF formula values will be required again in 2025-26 for affordability. Should an affordability gap remain once these adjustments have been made, further adjustments may be required to either cap or scale back on gains in the formula, and/or make a further small adjustment to the AWPU or other formula factors. Any adjustments made for affordability would likely need to be within the +/-2.5% range set by the government for local authorities already substantially mirroring the NFF in 2025-26.
14. We do not yet know the minimum funding per-pupil levels for 2025-26. In 2024-25, all schools were funded above minimum per pupil levels through the formula and therefore no adjustments were required to meet the minimum funding per pupil levels. We expect the position to be similar in 2025-26, with only a very small number of schools, if any, requiring their funding uplifting to meet minimum funding per pupil levels.

### **Minimum Funding Guarantee (MFG)**

15. The MFG is a national requirement to protect schools from major real time funding reductions to their per pupil funding between years. It is set by the council following consultation with schools and the schools forum, within a range set by the government.
16. For the current financial year, the forum agreed to set the MFG at 0 per cent (the lowest rate permissible in 2024-25 within the 0 to +0.5 per cent per pupil range) which meant no school saw a reduction in their per pupil funding. Eight Ealing schools were protected by the MFG in 2024-25, with adjustments totalling £236,123, significantly higher than the previous year. We do not yet know what the MFG range will be for 2025-26. We are not able to set a differential rate.
17. Had a 0.5 per cent MFG been applied in the current year, ten additional schools would have received protection and adjustments totalling a further £232,000 (£0.468m in total) would have been required to other school's allocations to fund this, compared to those required for an MFG set at 0 per cent.
18. Against this background and consistent with our policy of keeping our formula as close to the NFF as possible, it is proposed to continue with the approach agreed by forum in previous years and implement the lowest allowable per cent MFG.

#### **Question 1:**

**Do you agree that Ealing should remain as close as possible to the NFF by setting the minimum funding guarantee at the lowest allowable rate in Ealing's funding formula?**

#### **Pros**

Keeps the funding formula as close to the NFF as possible and is in line with the government's direction of travel, giving schools the most time to manage resources within NFF levels of funding.

Avoids other schools having their funding rates adjusted to top up the funding of schools already funded close to the NFF.

Reduces the impact on schools with high levels of deprivation and / or mobility; and or with falling rolls, who would likely be most affected by any further adjustment to the formula to fund a higher MFG.

### **Cons**

Means that schools whose per pupil funding would reduce without the MFG are only provided the lowest allowable level of protection.

Does not provide any protection to schools with a year on year increase in per pupil funding between the minimum and maximum allowable levels.

## **Growth Fund**

19. The government introduced a formulaic approach to allocating funding for pupil growth four years ago, rather than using levels set by each LA. The growth fund grant allocation funds:

- Implicit Growth - the regulations require new schools building up their numbers to be funded through the formula for pupils forecasted to join such schools in the September of each financial year; and
- Explicit Growth – expansions of existing schools and bulge classes to meet basis need. This funds schools for additional classes that would not otherwise be funded in that financial year due to the lagged nature of the school funding formula.

20. Ealing's explicit growth fund rules for expansions of existing schools and bulge classes in 2024 to 2025 are:

### **Primary Schools**

- AWPU multiplied by 30 multiplied by 7/12ths (to reflect the unfunded portion of the year) per additional 30 places for increases agreed by the LA for the September intake (pro-rata'd).

### **High Schools**

- AWPU multiplied by 30 multiplied by 7/12ths (to reflect the unfunded portion of the year) per 30 additional places for increases agreed by the LA for the September intake (pro-rata'd), based on either KS3 AWPU rate for year 7 to 9 bulge classes and KS4 AWPU rate for year 10 to 11 bulge classes.

In both sectors,

- Where building works are required and agreed by the LA costing in excess of £2m, £15,000 a year for two financial years, the timing of the release of funding is following the approval of statutory proposals or the increase in the school's planned admission number where statutory proposals are not required. Funding may be released earlier at the discretion of the LA.
- In exceptional cases, for example where additional furniture, learning resources or support staff costs are required which cannot be charged

to capital, a case may be made to the LA for additional revenue funding up to a maximum of £15,000 one-off payment.

21. In 2024-25, the explicit growth fund has funded secondary bulge classes at Ark Acton Academy and Northolt High School, and primary bulge classes (across reception to year 3) at East Acton, Acton Gardens and St John's Primary Schools.
22. Total growth fund adjustments to the 2024-25 Ealing school funding formula were contained within the government growth fund allocation, with a £0.577m adjustment for external growth and the remaining pressure funded from reserves.
23. **Table 2** sets out the anticipated minimum growth fund rates for 2025-26 and an illustration of what this would equate to for a full 30 places funded September to March. Actual values will likely be higher once any 2025-26 uplift to the NFF AWPU values is included.

**Table 2: Illustration of the anticipated minimum 2025-26 growth fund allocations, before the inclusion of uplift to NFF AWPU values**

	<b>Anticipated minimum amount per pupil 2025-26 (Ealing 2024-25 AWPU including area cost adjustment + uplift for grant values)</b>	<b>Illustration based on 1 additional form of entry (30 places funded Sept-Mar)</b>
Primary	£4,373.59	£76,538
KS3	£6,166.59	£107,915
KS4	£6,952.39	£121,667

24. Since 2024-25 local authorities have been required to provide growth funding in all cases where a school or academy has agreed with the local authority to provide an extra class to meet basic need in the area (either as a bulge class or as an ongoing commitment). Funding, either through the growth fund, or by adjusting pupil numbers in the APT, will need to be provided regardless of whether the additional class is within or outside of the PAN.
25. As a minimum local authorities have to provide funding to a level which is compliant with the following formula: primary growth factor value x number of pupils x ACA. In 2024-25, the primary growth value was £1,550 and therefore in Ealing this equated to £53,358 for 1 additional form of entry. Ealing's current criteria, which uses AWPU, is above, and therefore compliant with, this minimum value.
26. Should the funding provided for growth through the formula be insufficient to fund all internal and external growth, our preferred option for external growth would be to maintain the existing rules of the explicit growth fund and continue to fund school bulge classes at a per pupil rate equivalent to the age weighted pupil unit (AWPU).
27. While any gap would be met as far as possible through reserves, as agreed by forum at the June 2024 meeting, maintaining the existing rules may also require an adjustment to the formula to fund any remaining gap.

**Question 2:**

**Do you agree that, to ensure sufficiency of places, we should maintain the current rules and continue to fund explicit growth at a per place rate equivalent to the AWPU?**

**Pros**

Existing growth fund rules have enabled sufficient funding to meet the cost of providing bulge classes. Without those schools with space putting on additional classes, there would not have been sufficient places for children and the LA would not have been able to meet our statutory duty.

While the growth fund continues to be used for both primary and high school bulges, current growth spend is concentrated in high schools. Primary expansion benefited from these levels of funding and it would not be consistent to reduce the funding and disadvantage the secondary sector.

Ealing's existing growth fund rules meet the minimum funding requirements and recommended compliant criteria. We are required to fund bulge classes at least at the minimum requirement this year, regardless of affordability.

Reducing the growth fund allocation would impact a small number of schools with physical capacity in the phases and areas of the borough where we are experiencing in year growth. The schools with space who currently receive the bulk of growth fund do not have substantial reserves and would not be able to absorb costs.

We do not anticipate a significant funding gap to enable the continuation of existing rules, therefore the impact on other schools of maintaining existing rules is likely to be comparatively small. As an illustration a gap of 100k equates to around £2 per pupil. Per pupil funding would continue to be protected by the MFG and schools will continue to be funded at or around the NFF.

Accurate forecasting is challenging due to national and global events and demand for places from new arrivals from overseas has been high in recent years. We need capacity to respond this. If we scaled back allocations to the minimum allowable value, we would still need to approach schools to put on bulge classes but the growth funding may not cover costs. This could put the financial sustainability of these schools at risk.

If we are unable to progress bulge classes and offer sufficient places within a reasonable distance, we would need to use the Fair Access Panel (FAP) to place children over numbers.

**Cons**

As in year demand is increasing and existing capacity is not in the right areas and/or year groups to enable us to make reasonable offers, it is likely the DfE's growth fund allocation to the LA will continue to be insufficient to maintain current rules, without the use of reserves and / or some adjustment to the formula.

28. We also propose adding an additional growth criteria for 25-26 following an update to the growth fund guidance in 24-25 to enable local authorities to use the growth fund to support mainstream schools with meeting the revenue costs of repurposing surplus places to create SEN provision.



29. This criteria will enable funding the equivalent of 1 day per week leadership capacity (approximately £20,000 per year), ordinarily for up four terms before opening, plus the cost of the lead teacher a term in advance of opening a resourced provision in a mainstream school.

**Question 3:**

**Do you agree that we should add a new growth fund criteria to support mainstream schools with the revenue cost of repurposing surplus places to create SEN provision?**

*Where a mainstream school is developing a specialist resource provision (SRP) or a designated unit, funding for leadership capacity of up to £20,000 a year, for up to four terms before opening, plus the cost of the SRP lead teacher a term in advance of opening.*

### Falling Rolls fund

30. Since 2024-25, the government has allocated funding to local authorities based on

<b>Pros</b>
Supports those schools with physical capacity to have the necessary leadership and operational capacity to take forward proposals to repurpose surplus places to meet demand for specialist provision.
The Local Authority have already committed to funding the equivalent of 1 day per week leadership capacity (approximately £20,000 per year), ordinarily for up four terms before opening, plus the cost of the SRP lead teacher a term in advance of opening a resourced provision in a mainstream school. Therefore, making this a condition of the growth fund reduces the pressure on the High Needs Block.
<b>Cons</b>
Adding a condition to use growth funding to facilitate the repurposing of surplus places to meet demand for specialist provision, in addition to existing growth fund rules, may require a further adjustment to the formula.

falling rolls as well as growth. Funding is allocated based on year on year reductions in pupil numbers at medium super output areas (MSOA) level. MSOAs are small geographical areas, within wards, which, in Ealing, contain between 1 and 5 schools. Allocations will be based on differences between the primary and secondary number on roll at schools located within each MSOA between the most recent October pupil census and the census in the previous October.

31. In 2024-25, the falling rolls allocation for each local authority was £140,000 + area cost adjustment (ACA) per MSOA which sees a 10% or greater reduction in the number of pupils on roll between the two census years. We do not yet know the value for 2025-26.

32. Ealing did not receive a falling rolls allocation in 2024-25 and, while we do not yet know the number of children on roll at schools within each MSOA in October 2024, early modelling data suggest that it is again unlikely that Ealing will have any MSOA's where we have experienced a 10% or greater reduction in the number of

pupils on roll compared to the previous census year. Therefore, we consider it unlikely that we will receive a falling roll allocation in our schools block.

33. Local authorities will continue to have discretion over whether to set aside schools block funding to create a small fund to support schools with falling rolls.

34. Where local authorities operate a falling roll fund, in 2024-25 they were only able to use it to provide funding to schools where the school capacity survey (SCAP) showed that school places will be required in the subsequent 3 to 5 years. We expect this condition to continue in 2025-26.

35. Criteria for allocating falling roll funding would need to contain clear objective trigger points for qualification and a clear formula for calculating allocations. The 2024-25 guidance stated that compliant criteria would generally contain some of the features set out below:

- SCAP shows that school places will be required in the subsequent 3 to 5 years (this is a mandatory requirement)
- surplus capacity exceeds a minimum number of pupils, or a percentage of the published admission number
- formula funding available to the school will not support provision of an appropriate curriculum for the existing cohort
- the school will need to make redundancies in order to contain spending within its formula budget

36. Methodologies for distributing funding could include:

- a rate per vacant place, up to a specified maximum number of places (place value likely to be based on basic per pupil funding)
- a lump sum payment with clear parameters for calculation (for example, the estimated cost of providing an appropriate curriculum, or estimated salary costs equivalent to the number of staff who would otherwise be made redundant)

37. Ealing have previously chosen not to set aside a falling rolls fund and our preferred option is to continue not to do so. Many primary schools in the borough have already experienced or are forecasting falling rolls. Our area level forecasts continue to indicate that, while there are pockets of increased demand, the majority of surplus places in schools with falling rolls won't be needed within the 3 to 5 years.

**Question 4:**

**Do you agree that the LA should not introduce a falling roll fund?**

**Pros**

The falling rolls allocation in the formula will only apply where there has been a 10% reduction in the past year in one or more MSOA(s). Based on initially modelling data we do not think it is likely that we will have seen a 10% reduction in any single MSOA in the past year, therefore a falling roll fund would likely need to be fully funded through a top slice of the schools block. This would impact on funding levels for other schools, including those who have already experienced falling rolls, and those where rolls are falling but surplus places are not expected to be needed within 3-5 years.

Schools with falling rolls are already protected by the lagged nature of school funding and a falling roll fund may delay action and impact on longer term financial sustainability.

Schools who have already experienced falling rolls have not received additional funding.

Accurate forecasting is currently very challenging due to national and global events. If we allocated falling roll funding and the numbers did not increase, there is currently no mechanism to recover that funding.

In most planning areas and year groups, SCAP forecasts do not show that additional school places will be required in the subsequent 3 to 5 years, therefore most (if not all) schools with falling rolls, particularly in primary where the issue is most acute, would not meet the mandatory requirement for the LA to allocate funding.

If local planning area forecasts showed that surplus places were needed within 3-5 years, it would be difficult to make a compelling case to fund one school over another where rolls were falling across a number of schools in an area.

### **Cons**

If there were any schools with falling rolls where those places were forecasted to be needed within 3-5 years, they would not receive additional funding that could help them avoid redundancies.

Schools who have restructured following falling rolls may not be able to respond as quickly to any subsequent increases in demand.

## **Education functions in respect of maintained schools**

38. [The Schools Operational Guidance Annex 3](#) sets out the responsibilities held by local authorities for maintained schools only that can be funded from maintained schools budgets, with agreement of the maintained schools members of schools forums. The agreed amount per pupil is deducted from school budget shares after the formula and MFG have been applied. We do not anticipate any significant changes to this guidance in 2025-26.

39. For the current financial year, the schools forum agreed at their November 2023 meeting to top-slice £36.69 per pupil for functions in respect of maintained schools.

40. **Table 3** below provides the current and proposed breakdown by area. We are proposing an overall increase in the per pupil rate of 4% (+£1.46) to £38.15 for 2025-26, with increases to each area to broadly meet the cost of the 24-25 pay inflation pressure for the staff funded from the Education Functions, who are paid at a combination of local government and teacher pay scales. The Education Functions hold back largely funds direct staffing costs and cost of the pay awards cannot be contained without an increase in the per pupil rates.

**Table 3: Education Functions in respect of maintained schools agreed for 2024-25 and proposed for 2025-26**

<b>Maintained Schools</b>	<b>Full Year Budget 2024-25 (m)</b>	<b>Per Pupil Rates 2024-25</b>	<b>Proposed Per Pupil 2025-26 Rates</b>
Statutory and Regulatory duties	£0.756	£22.25	<b>£23.03</b>
Education Welfare, Inspection of Registers	£0.068	£2.00	<b>£2.07</b>
Central Support Services	£0	£0.00	<b>£0.00</b>
Asset Management	£0.162	£4.78	<b>£4.95</b>
Premature Retirement and Redundancy	£0	£0.00	<b>£0.00</b>
Monitoring National Curriculum Assessments	£0.013	£0.38	<b>£0.40</b>
Core School Improvement Functions	£0.247	£7.28	<b>£7.70</b>
<b>Total Primary and High</b>	<b>£1.247</b>	<b>£36.69</b>	<b>£38.15</b>

41. Multi-academy trusts (MAT) make similar types of deductions for services provided by MATs in respect of schools in their trusts. While public information is limited and we are not able to disaggregate or exclude functions maintained schools buy as traded services, available evidence suggests that Academy Trust holdbacks are usually in the region of 4 to 5% which is equivalent to around £250-£300 per child. This compares to an average of less than 1% for Ealing maintained schools across all Education Functions and De-Delegations combined in 2024-25.

42. Where academies are provided with support with functions maintained schools fund through Education Functions, for example core school improvement support such as through health checks and the securing good programme, they will be required to fund this separately from their budgets.

43. If the LA and schools forum are unable to reach a consensus on the amount to be retained by the LA, the matter can be referred to the Secretary of State.

**Question 5: (Maintained schools only)**

**Do you support funding the Education Functions at the per pupil rates set out in the table 3, amounting to £38.15 per pupil?**

**If not, what items or adjustments do you consider should be met from school budgets?**

**Pros**

Responsibilities the LA holds for maintained schools have to be funded and the education functions holdback funds direct staffing. Reducing the rate would mean some of these functions would need to be met separately from school budgets. This may put additional financial pressure on schools already struggling with financial sustainability.

Local authority services funded from Education Functions also support schools with meeting their statutory duties.

### Cons

Increasing Education Functions to cover staff pay awards will require a corresponding increase to the amount top sliced from maintained schools budgets.

All maintained primary and high schools pay the same rate per pupil for Education functions deducted from school budgets regardless of the level of service and support they require or use. Differentiation would only be possible if core services were instead met from school budgets by the schools who require those services, rather than via Education Functions.

## De-delegated services

44. In the case of maintained schools, the schools forum may agree to de-delegate from school budget shares funding for a range of services. The amount de-delegated is deducted from school budget shares before these are allocated to schools. In Ealing, only a small number of services are de-delegated. De-delegation totalled £494,963 for maintained primary schools and £80,960 for maintained high schools in 2024-25. The de-delegated services for the current year are shown in **Table 4** below.

**Table 4: De-delegation in 2024-25 – Maintained Schools only**

Pupil Numbers	Primary		High		Total
	25,279		8,696		
	Per Pupil	De-delegation	Per Pupil	De-delegation	
Contingencies	£3.90	£98,588	£3.90	£33,914	<b>£132,503</b>
Additional school improvement functions	-	-	-	-	-
Behaviour support services	£8.92	£225,489	-	-	<b>£225,489</b>
Support to underperforming ethnic groups and bilingual learners	-	-	-	-	-
Free school meal eligibility	£2.19	£55,361	£2.19	£19,044	<b>£74,405</b>
Insurance	-	-	-	-	-
Licences and subscriptions; except those already paid for by the department	-	-	-	-	-
Museum and library services	-	-	-	-	-
RPA	-	-	-	-	-
Staff costs supply cover (Trade union facility time)	£4.57	£115,525	£3.22	£28,001	<b>£143,526</b>
<b>Total De-delegation</b>	<b>£19.58</b>	<b>£494,963</b>	<b>£9.31</b>	<b>£80,960</b>	<b>£575,923</b>

45. A summary of each service where forum have currently agreed de-delegation is set out below. De-delegation is not an option for special schools, nursery schools or PRUs. Where de-delegation has been agreed for maintained primary and secondary schools, local authorities may offer the service on a buy-back basis to those schools and academies in their area which are not covered by de-delegation. Decisions made to de-delegate must be made each year.

46. Schools forum members for primary and secondary maintained schools must 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.

47. De-Delegations fund the budget of the services provided, which are largely staffing costs. We propose that per pupil rates for 2025-26 for these areas (other than 'contingency') are increased to broadly cover the respective pay awards for those employees.

48. If there is a surplus remaining at the end of the financial year, it comes back to schools forum to make a decision on how to use the reserves.

49. For 2025-26, the forum will vote on de-delegation at its meeting in November 2024 or January 2025 and we would welcome maintained schools' views on de-delegation:

- The **contingency** is a small safety net to be applied in year where a school has exceptional cost pressures that cannot be met from the school's own budget share or balances brought forward. Examples include deficits of closing schools and exceptional support required for pupils without special needs placed through the fair access protocol. It is proposed to keep the contingency rate the same.
- The **primary behaviour support services** de-delegation funds the Ealing Primary Centre (EPC) outreach which works to prevent exclusion of Ealing's primary school children, providing assessment and intervention for children presenting with Emotional, Social and Mental Health Difficulties, their families and schools. It is proposed to increase the de-delegation rate by 5.5% to cover the teacher pay award. The number and complexity of children with SEN in mainstream is increasing and the council is investing in outreach and working to find funding for this. The EPC outreach is a fundamental part of the outreach to primary schools and an increase to cover staff pay awards enables the service to be maintained at the current level.
- De-delegation of funding for **free school meals eligibility checking** offers the benefit of managing an on-line application system accessible by schools and parent and carers, that checks eligibility via the DfE's access to the benefits agency's database and confirms eligibility. The LA's bulk eligibility checking facility helps maximise identification of pupils eligible for free school meals and funding, saves schools time, and reduces the need for parents to directly apply. The value of the service to schools is demonstrated by the 100% buyback from academies in 2024-25. Each additional child identified attracts around £3,000 in funding to schools via the school funding formula and pupil premium.

The de-delegation partly covers staffing and partly covers database costs. There has been an increase in the cost of the database from April 2024, following re-procurement. For 24/25, this pressure has been partially offset by an in year reduction in staffing (to 1.8FTE) and partially by the government's Household Support Fund (HSF), which currently provides a contribution to the service for school holiday voucher administration. It has recently been announced that the HSF will

continue beyond the current September 2024 end date, so while we do not know details yet we currently anticipate this contribution will continue to mitigate this pressure in 2025-26. This position may change in future years.

It is therefore proposed to increase the 2025-26 de-delegation rate by 4% to £2.28, to fund the 2024-25 staff pay awards (currently proposed to be around 4%, based on current staff grades).

- **Trade union facility time** covers recognised teaching and support staff union representatives in maintained schools. It is proposed to increase the de-delegation rate by 5.5% to cover staff pay awards. TU facility time is funded on the basis of income received from de-delegation and from those academies that agree to pay into the fund (at the same rate). If the staff pay awards were not funded sufficiently to continue at the current level of service and cover staff costs, there would be a need to scale back the provision of TU support to reduce the cost back to what is affordable within the allocation. Decisions about the distribution of allocations to the respective trade unions are made at the annual allocation meeting.

50. While the final values of some of the staff pay awards are still to be determined and October pupil numbers are currently unknown, we would welcome views on the principle of increasing the de-delegation rates to cover staff pay awards and enable continuity of service as set out above. The actual proposed increases will be set out in the November forum report and may differ between the different de-delegated areas depending on the make up of staffing and the impact of changes in overall pupil numbers.

51. We are not forecasting that pupil numbers will decrease this year so do not expect this to have a significant impact on proposed de-delegation rates for 2025-26.

#### **Question 6: (Maintained Schools only)**

##### **Do you support de-delegation of?**

- **School contingencies at the current rate**
- **Primary behaviour support services with an increase in the per pupil rate to cover staff pay awards**
- **Free school meals eligibility checking with an increase in the per pupil rate to cover staff pay awards**
- **Trade union facilities time with an increase in the per pupil rate to cover staff pay awards**

#### **Pros**

**Contingencies:** maintaining a consistent contingency rate enables the local authority to continue to respond to exceptional cost pressures in schools that cannot be met from the school's own budget share or balances brought forward.

**Primary behaviour support services:** SEN in mainstream, in particular related to social, emotional and mental health needs continues to increase, and the EPC outreach service plays a vital role in supporting primary schools with this. An increase in the per pupil rate to cover staff pay awards enables the continuation of the current level of service.

**Free school meals eligibility checking:** The bulk eligibility checking facility is an efficient way to maximise identification of pupils eligible for Free school meals and funding, which saves schools time, and reduces the need for parents to directly apply. The current capacity in the team is required to manage the volume of individual and bulk checking requests and queries. Associated pupil premium and other deprivation led funding is equivalent to around £3000 per child identified as eligible for free school meals. An increase in the per pupil rate to cover staff pay awards enables the continuation of the current level of service.

**Trade Union facilities time:** As pupil numbers reduce, demand for TU support continues to increase with additional support for staff experiencing restructures and facing redundancies. An increase in the per pupil rate to cover staff pay awards enables the continuation of the current level of service.

### **Cons**

Increasing de-delegation to cover staff pay awards will require a corresponding increase to the amount top sliced from maintained schools budgets.

## **The central school services block**

52. The central school services block (CSSB) was introduced in 2018 to fund local authorities for the statutory duties that they hold for both maintained schools and academies. The CSSB brings together:

- funding previously allocated through the retained duties element of the Education Services Grant (ESG)
- funding for ongoing central functions, such as admissions, previously top-sliced from the schools' block
- Residual funding for historic commitments, previously top-sliced from the schools' block

53. [The schools operational guidance Annex 3](#) provides further information on LA duties in respect of all schools. We do not anticipate any significant changes to this guidance in 2025-26.

54. **Table 5** below shows the proposed 2025-26 allocations for CSSB items. These services relate to all schools and academies. Schools forum will be asked to approve allocating the CSSB allocated by the DfE in 2025-26 on a line by line basis.

55. The proposed 2025-26 values set out are currently based on the 2024-25 CSSB allocation (£2.092m, excluding historic commitments). It is not yet known whether Ealing will see a further increase in the CSSB per pupil rate, or what the impact on pupil number changes will be. As Ealing has continued to see an above average increase in free school meal entitlement, which forms part of the CSSB funding



formula, there may be a further increase. The allocation may also increase if pupil numbers in October 2024 are higher than in October 2023. As an illustration, a change in pupil numbers of 100 would represent a change in the allocation of around £4,500, based on 2024-25 values.

**Table 5: Indicative proposed CSSB 2025-26 compared to 2024-25 allocations**

<b>Retained Duties</b> <i>(including S251 statement line)</i>	<b>2024-25</b> <b>£m</b>	<b>Indicative proposed</b> <b>2025-26</b> <b>£m</b>	<b>Comments</b>
1.5.1 Education welfare	0.388	0.500	Covers functions in relation to school attendance and, exclusions; and responsibilities regarding restrictions on the employment of children
1.5.2 Asset management	0.077	0.090	Covers management of the LAs capital programme and landlord responsibilities
1.5.3 Statutory and regulatory duties	0.336	0.497	Covers funding for LA statutory and regulatory duties in respect of all maintained and free schools and academies
<b>Total Retained Duties</b>	<b>0.801</b>	<b>1.087</b>	

<b>Other ongoing duties</b> <i>(including S251 statement line)</i>	<b>2024-25</b> <b>£m</b>	<b>Indicative proposed</b> <b>2025-26</b> <b>£m</b>	<b>Comments</b>
1.4.2 School admissions	0.674	0.705	Includes main round and in-year admissions
1.4.3 Servicing of schools forums	-	-	
1.4.4 Termination of employment costs	-	-	
1.4.6 Capital expenditure from revenue (CERA)	-	-	
1.4.7 Prudential borrowing costs	-	-	
1.4.8 Fees to independent schools without SEN <i>(Education element of LAC Placements)</i>	0.343	0	This covers the education element of any LAC placements at such schools agreed by placement panels
1.4.9 Equal pay - back pay	-	-	
1.4.12 Exceptions agreed by Secretary of State	-	-	
1.4.14 Other Items	0.274	0.300	Copyright licences paid centrally for all sectors as calculated by DFE. Schools forum approval is not required for central licences

<b>Other ongoing duties</b> <i>(including S251 statement line)</i>	<b>2024-25</b> <b>£m</b>	<b>Indicative proposed</b> <b>2025-26</b> <b>£m</b>	<b>Comments</b>
<b>Total of other ongoing duties</b>	<b>1.291</b>	<b>1.005</b>	

<b>Total CSSB (excl historic commitments)</b>	<b>2.092</b>	<b>2.092</b>	
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56. We propose removing the CSSB allocation for *Fees to independent schools without SEN* for 2025-26. Historically, spend on this area has been reducing and education elements of placement costs are managed appropriately through joint funding arrangements. Funding allocated against this line has therefore increasingly managed pressures against other CSSB funded areas.

57. We are proposing formalising this through the allocations for 2025-26 and reallocating the amount previously against this line across the statutory and regulatory duties, school admissions, education welfare and asset management lines to fund existing funding shortfalls and pay awards. These proposed increases do not create any additional pressure on the CSSB as the total allocated across the lines remains the same.

58. If the actual CSSB allocation is greater than in 2024-25 due to either a higher per pupil rate or higher overall pupil numbers then we would revert to schools forum for a decision on where to allocate any additional funding.

59. Decisions on centrally retained funding will be made by the schools forum at its meeting in November. [The Schools Operation Guidance Annex 4](#) sets out the decision-making powers of the forum. We are not anticipating any changes for 2025-26.

60. If the line-by-line allocations are not agreed by the forum, the LA can appeal to the Secretary of State.

**Question 7:**

**Do you support allocating the funding the LA receives from the government for the Central School Services Block as set out in table 5?**

**If not, what changes do you think should be made?**

<b>Pros</b>
Funds the delivery of essential services
Agreeing the proposed split enables us to provide stability and continuation of existing services and address existing funding shortfalls in the delivery of statutory and regulatory duties and other retained duties relating to education welfare and asset management.

### **Historic Commitments**

61. In addition to the funding for ongoing responsibilities, the LA receives funding from the DfE for historic commitments agreed by the schools forum in previous years.

In line with previous years, we expect the government to reduce funding for historic commitments by a further 20 per cent in 2025-26. This would represent a further reduction of £76,677 and means that historic commitment funding will have reduced in total by £0.864m since 2016/17 from £1.170m to £306,709.

62.If this is the reduction applied in 2025-26, it is proposed to follow the same method used in 2024-25 and apply the 20% reduction equally to each area. The figures agreed for the current year and proposed figures for 2025-26 after the anticipated 20% reduction has been applied are shown below in **Table 6**.

**Table 6: Historic Commitments 2024-25 and proposed 2025-26, based on anticipated allocations**

<b>Service</b>	<b>2024-25 £m</b>	<b>Proposed 2025-26 £m based on anticipated allocations</b>
SAFE Supportive Action for Families in Ealing	0.140	0.112
Parenting Service -Interventions in families with children who have challenging behaviour.	0.047	0.038
LAC teaching service	0.023	0.018
Historic Commitment savings transferred to High Needs	0.173	0.138
<b>Total</b>	<b>0.383</b>	<b>0.306</b>

63.Should there be a smaller or larger reduction than 20%, we would propose following a similar methodology to apply the reduction proportionately to each area.

64.Schools forum approval is required on a line-by-line basis. The budget for any one area cannot exceed the value agreed in the previous funding period, and no new commitments can be entered into.

**Question 8:**

**Do you support applying any reduction in the historic commitments funding provided by the government proportionately to each area?**

**If not, where do you think the reduction should be made?**

**Pros**

The government continue to reduce the historic commitment funding year on year so it is necessary for all services funded by this grant to begin to identify how they can be delivered without this funding.

Applying the reduction proportionately across all areas reduces the magnitude of the impact on the high needs budget at a time when this budget is under significant pressure and overall high needs block funding increases are not keeping pace with increases in demand or complexity.

**Cons**

SAFE, the parenting service and the LAC teaching service all provide vital support to vulnerable children and therefore any reduction in funding from historic commitments will be a funding pressure at a time when the local authority budget is under significant pressure.

## High Needs Block

65. The government have not yet published its high needs operational guidance for Local Authorities (LAs) for 2025-26, therefore the below refers to the 2024-25 [high needs operational guidance](#).
66. In 2018-19, the government began to phase in a national funding formula for High Needs. Ealing loses under the formula if implemented in full. For 2024-25 the government set a funding floor of 3 per cent per head of 2 to 18 population, which meant every LA will receive at least 3 per cent per head more than they received in 2024-25. The limit on gains was set at 5 per cent. We do not yet know what the level of protection and limit on gains will be in 2025-26.
67. The DfE usually publish provisional High Needs Block allocations in July but have not published these for 2025-26 yet. We anticipate that Ealing will continue to be funded at the floor. In 2024-25 this translated into a 2.0% increase in overall allocations. Note that this percentage increase was less than the floor because the protection only applies to the per pupil elements of the grant and is calculated per head of population. A 2.0% increase in 2025-26 would represent an increase of £2.00m.
68. We do however also expect the high needs block to be uplifted to cover pay and inflation pressures grant funding that was paid out as separate grant allocations in 2024-25. It is anticipated that the total additional amount factored in to reflect rolling in these grants will be in the region of £3.00m, on top of any % increase in the per head funding. We anticipate there will either be a requirement to pass the equivalent maintained school proportion of this funding through to special schools and PRUs, either through the minimum funding guarantee (MFG) or as additional funding elements (in addition to the existing "3.4%" additional pressures funding and historic teacher pay and pension funding).
69. High needs funding continues to be a significant challenge, but Ealing has to date performed well compared to many other local authorities in terms of our high needs deficit, particularly given our comparatively high number of plans, due to strong collaboration and financial commitments from the LA and schools.
70. In 2023-24, the high needs block was over spent by £3.251m. After also applying one off reserves, the cumulative DSG deficit was reduced from £3.821m to £2.227m. Deficits in the DSG are carried forward to the following financial year and the LA is responsible for working with schools and other stakeholders to manage demand and spending pressures.
71. The anticipated funding allocated to High Needs does not adequately consider current pressures or anticipated growth. The growth in EHC plans and budget pressure is a national and local issue. The number of EHC plans and requests for assessment continue to increase and Ealing now maintains over 4000 EHC plans, which taken together with the increasing complexity, continues to place

considerable pressure on the high needs block, with the deficit forecast to further increase in 2024-25.

72. For these reasons, the schools forum will be asked to continue to agree a transfer from the schools block for 2025-26. The transfer requested is 0.5 per cent, which is the maximum block transfer allowable without a disapplication request to the Secretary of State. In 2024-25 the value of this was £1,543,422 equivalent to £33.10 per pupil. We anticipate the overall increase in schools block funding in 2025-26 (including the wrapping in of grant funding) could increase this to around £1.65m, approximately £35 per pupil.

73. Should the schools forum not approve a transfer, approval can be sought from the Secretary of State via a disapplication request.

**Question 9:**

**Do you support retaining the transfer of 0.5 per cent of the schools' budget into High Needs, equivalent to approximately £35.00 per pupil across schools and academies?**

**If not, what other actions would you suggest helping manage pressures in 2025-26**

<b>Pros</b>
Supports schools and the local authority to manage the increasing number and complexity of EHC plans and increasing spend on high needs placements both within mainstream and specialist provision.
Enables the continuation of outreach services that support high needs pupils in mainstream schools.
If the 0.5% transfer was not agreed, the forecasted deficit in the high needs block would increase significantly. Schools and the LA have worked together to contain the deficit and avoid more severe spend control measures, which work their way through to school budgets, and the block transfer is a key element to this.
Retaining the current position on block transfers until we are clear about the government's plans under a direct NFF may help avoid any loss of funding.
<b>Cons</b>
Moves 0.5% of the funding (approximately £1.65m) from the Schools Block to the High Needs Block, reducing the rate of funding allocated directly to schools by approximately £35 per pupil.

## Balance Control Mechanism

74. A Balance Control Mechanism (BCM) allows an authority to clawback excess surplus balances. Ealing's current balance control mechanism is focused on only those schools which have built up significant excessive uncommitted balances and where a redistribution of the balance would support improved provision within Ealing schools. The mechanism is included within the [Scheme for Financing Schools](#) which is agreed by schools forum annually.

75. Ealing's current mechanism is set out below:

- a) The Authority shall calculate by 31 May each year the surplus balance, if any, held by each school as at the preceding 31 March. For this purpose the balance will be the recurrent balance as defined in the Consistent Financial Reporting Framework, including creditor and debtor provisions.
- b) If the result of step a is a sum is the greater of 5% for secondary schools, 8% for primary and special schools and nurseries, of the maintained schools original budget submitted to the LA. then the authority shall apply the clawback mechanism set out in section 6.2.d and deduct resulting amount from the current year's budget as appropriate. The LA will seek agreement to implement the BCM from schools forum following the confirmation of maintained school balances for the year.
- c) At year end every school with balances over 5% for secondary schools, 8% for primary will need to complete a School Balances form. Should schools forum agree to implement the BCM the LA will Review the School Balance Forms ensuring:
- Projects on the form if capital in nature are using the school's devolved capital balances before applying the revenue balance
  - Schools earmarked revenue contributions to capital schemes lead on by the council are deducted from balances subject to clawback, and these contributions are held in a central reserve
  - Spend under the accrual limit and accruals with committed orders have been spent.
- d) Schools with an increasing excessive surplus for 2 consecutive years will be considered for clawback at the following incremental levels:
- Nursery, Primary and Special Schools:
- 5% on surpluses between 9% to 12%
  - 10% on surpluses between 12% to 20%
  - 15% on surpluses more than 20%
- Secondary Schools:
- 5% on surpluses between 6% to 9%
  - 10% on surpluses between 9% to 17%
  - 15% on surpluses of more than 17%

76. Schools forum vote annually on whether to implement the mechanism at the June meeting of the forum, based on provisional school balance positions.

77. The maintained school balances have reduced over the past three years, but continued to total £14.334m at the end of 2023-24. 20 schools had balances above the balance mechanism limits (5% for secondary schools and 8% for primary, nursery and special schools), with these excess balances totalling £4.567m.

78. Only 4 of these schools had balances that were excessive and increasing for 2 consecutive years. These 4 schools had excess balances totalling £435,000, but based on current incremental levels the provisional clawback amounts total £23,000. This is just 0.5% of the total balances over the balance mechanism limit.

79. Forum members expressed a range of views about the current mechanism at the June 2024 meeting and requested that officers further explore school views on whether they would support a mechanism that clawed back a greater proportion of excess balances, either through increasing the incremental values upon which clawback is applied or through removing the condition for balances to be excessive and increasing for 2 consecutive years.

80. An increase in incremental levels would retain the focus on the small number of schools who have remained consistently above the balance control limit and whose

balances have continued to increase; but it would claw back a much larger proportion of their excess balances.

81. Removal of the condition for balances to be excessive and increasing would mean the mechanism applied to a much larger group of schools (20 out of the 75 maintained schools in 2024-25).

82. If schools were minded to make changes to the Balance Control Mechanism methodology we would propose that these are agreed in April 2025 (as part of agreeing the revised scheme), for implementation in April 2026. This would mean they would apply to 2025-26 excess balances (with any clawback implemented during 2026-27), which would give schools a full financial year to respond appropriately to any change.

83. The decision about whether to implement the mechanism in any given year would continue to be made by the schools forum at their June meeting.

### Question 10

**Would you support a change in Ealing's balance control mechanism from April 2026, to enable a greater proportion of excess balances to be clawed back?**

**If yes, what changes would you like to see to the mechanism?**

- Increase in incremental levels so a great proportion of the excess balance is clawed back from schools subject to clawback
- Removal of the condition for balances to be increasing and excessive for 2 consecutive years, so a greater number of schools are in scope for clawback.
- Other – please specify

### Pros

A mechanism that applied to more schools and / or at a greater incremental rate would act as a greater deterrent and would encourage more schools to spend their funding on the children attending their school during the financial year for which it is intended.

A mechanism that applied to more schools and / or at a greater incremental rate would clawback a larger proportion of school balances and enable a greater redistribution of balances to support improved provision across all maintained schools, including those currently in or forecasting deficits. Maintained school balances at the end of 2023-24, while reducing by £4.6m in year, continued to total more than £14 million.

### Cons

Maintaining the current focus on schools with increasing and excessive surpluses over 2 years protects those schools where excessive surplus have unexpectedly arisen in a single year and enables them to respond to reduce balances without being subject to clawback.

Maintaining the current incremental levels ensures the amount of surplus clawed back is small as a proportion of the overall school balances, therefore acting as a deterrent while enabling those schools to still retain most of their allocated funding to spend on their children.

## Responses and queries

84. We value a range of views and encourage as many schools as possible to respond via <https://www.research.net/r/schoolfunding2526> to help inform schools forum and local authority decision making.

85. We are holding two consultation information meetings via MS Teams, where we will summarise the proposals and provide an opportunity for governors and / or school leaders to ask questions or seek clarification. These will be held on the following dates:

Wednesday 16 October 2024 4pm – 5pm

Thursday 17 October 2024 11am – 12pm

86. To attend, or if you have any queries, please contact Kim Price on [kprice@ealing.gov.uk](mailto:kprice@ealing.gov.uk). We look forward to receiving your responses.