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|  | Schools Forum 27 January 2025 |
| | Report from the Corporate Director of Children and Young People |
| Dedicated Schools Grant Schools Budget 2025/26 | |

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| Wards Affected: | All |
| Key or Non-Key Decision: | N/A |
| Open or Part/Fully Exempt: (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act) | N/A |
| List of Appendices: | Two: Appendix A: 2025/26 Brent Local Funding Formula Rates Appendix B: School Level Allocations 2025/26 |
| Background Papers: | None |
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1.0 Executive Summary

- 1.1. This report sets out the proposed DSG Schools Budget for 2025/26 for consultation and agreement by Schools Forum ahead of the Council budget being set and approved by Full Council in February 2025.
- 1.2. Due to the timing of the general election in 2024, the provisional DSG allocations for the 2025/26 financial year were not published by the Department for Education (DfE) at the usual time. The final DSG block funding allocations were announced on 18 December 2024. This report gives an update on the Schools Block allocations which include the growth funding allocation for 2025/26.

2.0 Recommendation(s)

- 2.1 Schools Forum is asked to:

- a. Agree the transfer of (0.5%) £1.48m from the Schools Block to support the High Needs Block. Department for Education (DfE) regulations permit up to 0.5% of the Schools Block funding can be transferred with Forum approval.
 - b. Endorse the 2025/26 budget for the DSG Blocks, including the mainstream funding formula, to Full Council for approval in February 2025.
 - c. Approve 2025/26 growth fund, in line with DfE's mandatory requirements for the treatment of the growth fund allocation.
- 2.2 Maintained school members of the Schools Forum are requested to approve the proposed de-delegation arrangements set out within this report.

3.0 Contribution to Borough Plan

- 3.1 This report aligns with the Council's Borough Plan, which focuses on giving children and young people the best start in life. This is achieved by collaborating with schools and other partners to ensure fair and equal access to education.

4.0 2025/26 DSG Funding Announcements

In July 2024 the DfE announced almost £1.1bn through the Core Schools Budget Grant (CSBG) to support schools with their overall costs in the 2024/25 financial year, in particular following confirmation of the 2024 teachers' pay award. The indicative grant allocation for Brent mainstream schools (excluding Special Schools) in 2024/25 was £2.56m. This grant has now been rolled into the National Funding Formula (NFF) and included in the baselines of 2025/26 Schools Block allocations.

- 4.1 Along with the CSBG, the teachers' pay additional grant (TPAG) and teachers' pension employer contribution grant (TPECG) have also been rolled into the Schools NFF for 2025/26. All 3 grants have been rolled in by adding cash amounts to different factors used to distribute the grants including, Free School Meals (FSM) and the Minimum Per Pupil level (MPPL) factors.

5.0 2025/26 DSG Funding Blocks

5.1 Table 1 – 2025/26 Brent DSG Funding Allocations

| Brent NFF Allocation 2025/26 | Schools Block | High Needs Block | Central Schools Service Block | Early Years Block | Total |
|---|---------------|------------------|-------------------------------|-------------------|----------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| 2024/25 | 274,404 | 85,007 | 2,125 | 34,350 | 395,886 |
| 2025/26 | 298,181 | 90,325 | 2,445 | 41,442 | 432,394 |
| Increase | 23,777 | 5,318 | 320 | 7,092 | 36,508 |
| % Change | 8.7% | 6.3% | 15.1% | 20.6% | 9.2% |
| *Other grants included in 2025/26 allocations (TPAG, TPECG, CSBG) | 19,223 | | 396 | | 19,619 |
| Increase/(decrease) excluding other grants | 4,554 | 5,318 | (75) | 7,092 | 16,889 |
| % Change excluding other grants | 1.7% | 6.3% | (3.5%) | 20.6% | 4.3% |

5.2 Brent is set to receive a total DSG funding allocation of £432m in 2025/26 compared to £396m in 2024/25. This represents an overall increase of £36m.

5.3 The growth funding allocation has increased to £1.8m compared to £1.2m in 2024/25. This allocation is based on the difference between the number of pupils on roll in each school between the October 2023 and October 2024 school censuses. This growth funding allocation is included in the overall Schools Block funding for 2025/26 as shown in Table 1 above.

5.4 The final High Needs Block (HNB) allocation has been announced as £90.3m. This is £5.3m more than the allocation for 2024/25 and represents a funding increase of 6.3%.

5.5 The 2024/25 HNB expenditure budget, excluding the proportion allocated for Brent children placed in other local authorities is £77.4m, including £1.4m transfer from the Schools block. The budget is currently forecast to spend £77.7m. The number of children with Education, Health and Care plans (EHCPs) continues to increase. Therefore, in addition to measures outlined in the DSG deficit recovery plan, it is recommended that there is a transfer of 0.5% from the Schools Block to the HNB to mitigate the growing demand. This equates to a transfer of £1.5m, which would bring the total 2025/26 HNB budget to £91.8m and a net budget of £82.3m after deductions for allocations to other local authorities.

5.6 The 6.3% increase in funding in 2025/26 is considerably less than the 12% increase seen in EHCPs. from September 2023 to September 2024. and will not contribute towards the projected cumulative DSG deficit of £13.5m. It would, however, contribute towards funding any further additional pressures due to

continued increases in the number of ECHPs. A detailed breakdown of the HNB budget will be presented to Schools Forum in February 2025.

- 5.7 The government plans to continue the expanded roll out of funded childcare hours for parents of children from 9-months-old, up to 3- and 4-year-olds. Brent's allocation of the Early Years' grant for 2025/26 is £41.4m and this represents an increase of £7.1m (21%) compared to the last financial year, with the most significant changes reflected against the 2-year-old working parents' entitlement which will increase by £1.9m ((58%) and under 2-year-old working parent entitlement set to increase by £4.2m (128%) based on the expansion of hours to 30-hours from September 2025. Brent's rates for the new financial year will rise to £13.32 for under 2s, £9.77 for two-year-olds and £6.80 for 3-and 4-year-olds. Funding for Brent's Maintained Nursery Supplementary Grant is set to increase by 13% to £1m at a rate of £7.08 per hour.
- 5.8 In 2025/26, the Central Schools Services Block (CSSB) will increase nationally by an average of 1.85% for ongoing responsibilities that local authorities continue to have for all schools, while those local authorities in receipt of funding for historic commitments within this block will see a 20% decrease compared to 2024/25 allocations. The overall impact for Brent is a 20% increase in the per pupil rate of funding for ongoing responsibilities, and a 20% reduction against the historic commitment which currently relates to a pensions strain contribution to the Council's central budgets. As a result, the amount to be transferred to the centralised budgets towards this pension cost will be reduced accordingly.
- 5.9 In 2025/26, funding for the CSSB will incorporate allocations that were provided separately in 2024/25 for increased copyright license costs, TPECG, and CSBG for centrally employed teachers. Excluding these grants, which are now part of the 2025/26 baseline, the allocation reflects a 1% reduction in funding for ongoing responsibilities compared to 2024/25 and an overall reduction of 3.5%.

6.0 Schools Block Expenditure – Mainstream Funding Formula

6.1 Table 2 – Individual Schools Block funding

| Details | £ |
|---|---------------|
| 2025/26 DSG allocation | 298.18 |
| 2025/26 NFF funded NNDR | (2.67) |
| DSG schools block after deduction of 2025/26 NFF funded NNDR | 295.51 |
| Less transfer to HN Block | (1.48) |
| | 294.03 |
| Less growth fund | (0.78) |
| | 293.25 |
| Less De-delegation | (0.79) |
| Less Education services | (0.52) |
| Post De-delegation and Education functions budget after deduction of 2025/26 NFF NNDR allocation | 291.94 |

- 6.2 As shown in Table 2 above, the mainstream funding formula for 2025/26 is £298.2m. This includes £2.7m of the Schools Block funding which has been clawed back by the DfE to pay for Non-Domestic Business Rates directly to billing authorities on behalf of schools. £0.78m has been excluded for the growth fund with £1.48m proposed to be transferred to the HN Block. The allocation has been reduced by £0.79m for de-delegated funds and £0.52m retained by the council as a contribution towards fulfilling education services including school improvement services. This leaves £291.9m to be transferred to schools.
- 6.3 As was agreed at previous Schools Forums, the DSG contribution to central services to fund education functions remains £0.360m, from maintained schools only.
- 6.4 In line with the Schools Forum approval to de-delegate £0.159m from the schools' budgets for school improvement services in January 2024, it is proposed to retain this level of funding for the 2025/26 financial year. The local authority will continue to supplement the cost of the provision of school improvement services to schools, by contributing an additional £0.59m to support the functions of the Setting and School Effectiveness Service.
- 6.5 This allocation of £0.159m plus the on-going £0.360m totals the £0.519m budget for education services as shown in Table 2 above.

7.0 De-Delegations

- 7.1 Agreement to de-delegate is sought on the basis that centralised budgets provide better value, and that maintained schools have open access to the services listed in the table below. Maintained school representatives are required to take a decision for their own school phase on each service on whether to de-delegate. The table below sets out the proposed de-delegated services.

7.2 Table 3 – De-delegated items

| | 2024/25 | | 2025/26 | |
|--|---------------------------|-------------------|---------------------------|-------------------|
| Primary Pupil Numbers | 18,554 | | 17,555 | |
| Secondary Pupil Numbers | 1,873 | | 1,996 | |
| Total Maintained pupils | 20,427 | | 19,551 | |
| | Rate per pupil (£) | Amount (£) | Rate per pupil (£) | Amount (£) |
| Contingencies- Schools in Financial Difficulty | 8.59 | 175,400 | 8.97 | 175,400 |
| Contingencies- Redundancy funding | 14.69 | 300,000 | 15.34 | 300,000 |
| Free School Meals eligibility service | 1.22 | 25,000 | 1.28 | 25,000 |
| Licences/ Subscriptions | 0.32 | 6,500 | 0.33 | 6,500 |
| Staff costs - Maternity & paternity supply cover | 10.92 | 223,000 | 11.41 | 223,000 |
| Staff costs - Trade union facilities | 2.94 | 60,000 | 3.07 | 60,000 |
| Total De-delegated items | 789,900 | | 789,900 | |

Contingencies

- 7.3 The number of Brent schools experiencing difficulties in 2024/25 has increased with 20% (13% in 2024/25) projecting an in-year deficit. 33% (39% in 2024/25) of these schools' plan to use over 50% of reserves to balance their budgets in 2024/25. It is therefore proposed to continue to de-delegate funds to support schools in financial difficulty. There is a £0.38 increase in the proposed rate for 2025/26 at £8.97, due to reduced number of pupils, to allocate £0.175m.

Schools Forum agreed in January 2024 that if in exceptional circumstances school redundancies are eligible to be funded centrally then these will need to be found from within wider DSG funding. It was agreed that redundancies should be funded from the Schools Facing Financial Difficulties Fund (SFFDF). It is proposed to retain this allocation of £0.3m. There is a £0.65 increase in the proposed rate for 2025/26 at £15.34 per pupil for centrally funded redundancies, where schools are eligible for funding.

Free School Meals eligibility

- 7.4 The per pupil rates (£1.28) increase of £0.06 from last the financial year is mainly due to a fall in pupil numbers. This is required to maintain the Free School Meals eligibility service at a cost of £25k.

Licences and Subscriptions

- 7.5 This covers the cost of two licences which the local authority pays for on behalf of schools. These are the British Pathe and CLEAPPS which is an advisory service that provides support in science and technology for a consortium of local authorities and their schools. It is proposed to retain this allocation at £6.5k in line with the actual cost in 2024/25.

Staff costs

- 7.6 This covers schools' costs for maternity and paternity supply cover and Trade Union services. The net cost of centrally employing union representatives is estimated at £60k with £0.23m earmarked for maternity and paternity supply cover, in line with the current forecast for 2024/25. This equates to de-delegation rates of £3.07 and £11.41 per pupil respectively.

8.0 Growth Fund

- 8.1 The current growth budget funds growth in pupil numbers, as well as the Choice Advice and Fair Access Interview (CAFAl) projects for children who have newly arrived in the UK and require additional educational support.
- 8.2 Since 2024/25 local authorities need to provide growth funding 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).
- 8.3 The growth fund can only be used to:
- support growth in pre-16 pupil numbers to meet basic need.
 - support additional classes needed to meet the infant class size regulation.
 - meet the revenue cost of new schools.
 - meet revenue costs, for schools, of removing or repurposing surplus places.

The growth fund must not be used to support:

- schools in financial difficulty; any such support for maintained schools should be provided from a de-delegated contingency.
 - general growth due to popularity; this is managed through lagged funding. This includes cases where academies have admitted above pupil admission numbers (PAN) by their own choice.
- 8.4 As a minimum local authorities will have to provide funding to a level which is compliant with the following formula;

$$\text{secondary growth factor value (£2,350)} \times \text{number of pupil} \times {}^1\text{ACA}$$

For Brent, the secondary growth factor value of £2,691 will be used for all school types, recognising there is one teacher pay scale and that this funding is a minimum value.

- 8.5 The Schools Forum is asked to agree to set aside a growth budget of £0.782m made up of £0.242m to provide extra classes to meet basic need for the pupils on the waiting list and £0.540m for the current CAFAl arrangements with 3 schools to continue to meet the local authority's requirement to meet basic need for children who have newly arrived in the UK and require additional educational support.

9.0 Falling Rolls

- 9.1 Where local authorities operate a fund, they will only be able to provide funding where school capacity data (SCAP) shows that school places will be required in 2025 to 2026 and/or the subsequent 2 years (this is a mandatory requirement). A review of Brent's SCAP demonstrates that fallings rolls are projected for 2025/26 and the next 2 years, for the schools experiencing falling rolls and therefore, eligibility for this funding does not apply for the next financial year.

10.0 Funding Formula Rates

- 10.1 The government is taking a gradual approach to transitioning the local formulae progressively closer to the NFF over time. 2023/24 was the first year of that compulsory, gradual process. A fixed target date by which the direct NFF will be in place has not been set, although the expectation is a move to the direct NFF by the 2027/28 funding year at the latest.
- 10.2 The DfE has provided the 2025/26 factor values including an Area Cost Adjustment (ACA) for Brent. Minimum and maximum allowable rates have also been included so local authorities must either move towards the NFF within the allowable rates or use the actual NFF rates. In line with this requirement, Appendix A provides information on the proposed funding factor rates used in setting the 2025/26 Schools budgets.
- 10.3 To allocate the maximum amount of the Schools Block funding to schools via the funding formula factors, and to make use of the increased funding available in 2025/26 to cushion the impact of the transition, the local funding formula factors used to set the budgets for 2025/26 have been applied as follows:
- (a) In line with the results of the local authority's consultation with schools on the implementation of the direct NFF and as prescribed by the DfE, implement the compulsory 10% move, and narrow the gap for Primary and Secondary lump sums as these factor rates were significantly higher than the NFF.
 - (b) To set all Age-Weighted Pupil Unit (AWPU), Primary and FSM ever6, Primary IDACI bands A and D, Secondary IDACI bands A to E, Secondary Low Prior Attainment (LPA), Primary and Secondary Mobility factors at the NFF rate.
 - (c) To set the DfE's compulsory split site rates at the NFF rates.
 - (d) To utilise the remaining funds after allocating all other factors to move the Primary and Secondary FSM and Primary and Secondary Additional Language (AEL) factors are at the NFF rates.
- 10.4 The change in formula rates primarily allocates 25% of the additional pupil led funding through AWPU for all Primary and Secondary schools and targets

schools with high deprivation via FSM as well as schools with a high number of pupils with EAL across both phases.

- 10.5 The Minimum Funding Guarantee (MFG) threshold range for 2025/26 is between (0.5%) and 0.0%. The MFG has been set at the maximum allowable rate of 0%. This means that the per pupil funding rates will increase by this proportion. Under these proposals 30 out of 76 schools require an MFG allocation, and this totals £1.82m. This adjustment is included in the overall post de-delegations and education functions budget as shown in Appendix B.
- 10.6 Appendix B contains an analysis of the funding formula by individual school, giving both the total formula funding and per pupil funding against the previous year. It should be noted that changes in individual school funding are also caused by changes to the pupil cohort data for that school, for example, the number of pupils attracting the low prior attainment funding factor will change from year to year, so changes in funding are not solely driven by increases or decreases to pupil numbers.
- 10.7 21 schools are set to see reductions in overall budget share allocations in 2025/26 and this is mainly due to falling rolls ranging from 2% to 19% drop in pupil numbers.

11.0 Update on split site funding

- 11.1 Following the [Implementing the direct national funding formula – government consultation](#) which concluded in September 2022, the DfE announced that from 2024/25, there will be a standardised formula to calculate the funding for schools with split sites in order to ensure consistency across all local authorities.
- 11.2 The DfE has developed a split sites factor which recognises costs through a basic eligibility criteria that attracts a lump-sum payment of £62k, and a distance 600m eligibility criteria that attracts an additional lump-sum payment of up to £31k.
- 11.3 The table below sets out the split sites funding allocations for 2025/26 for schools that meet the new criteria.

11.4 Table 4 – Brents Schools’ Split Site funding for 2025/26

| School | DfE’s distance to second site (metres) | Basic eligibility | Distance factor | Total 2025/26 allocation | Total 2024/25 allocation |
|----------------|--|-------------------|-----------------|--------------------------|--------------------------|
| | | £ | £ | £ | £ |
| Alperton | 670 | 61,834 | 30,915 | 92,749 | 92,487 |
| Islamia | 112 | 61,834 | 922 | 62,756 | 62,570 |
| Kingsbury High | 600 | 61,834 | 30,915 | 92,749 | 92,487 |
| Leopold | 1730 | 61,834 | 30,915 | 92,749 | 92,487 |

13.0 Stakeholder and ward member consultation and engagement

13.1 This paper enables consultation with members of Brent’s Schools Forum. The recommendations include a requirement for the endorsement of the DSG 2025/26 budgets for approval at full council in February 2025.

14.0 Financial Considerations

14.1 The financial implications have been detailed in the body of this paper.

15.0 Legal Considerations

15.1 This report has been drafted with due consideration of the School and Early Years Finance (England) Regulations 2024.

16.0 Equity, Diversity & Inclusion (EDI) Considerations

16.1 Not applicable.

17.0 Climate Change and Environmental Considerations

17.1 Not applicable.

18.0 Human Resources/Property Considerations (if appropriate)

18.1 Not applicable.

19.0 Communication Considerations

19.1 All School Forum papers are published, and all schools will have access to them. The final 2025/26 Schools’ budget allocations school will be published on Best Brent by February 2025.

Related documents for reference:

Prior Financial reports to Schools Forum

Report sign off:

Nigel Chapman

Corporate Director of Children and Young People