

# Schools Forum

23 January 2025

# National Update

# 2025/26 National Update

- DSG Allocation & APT published 17<sup>th</sup> Dec
- No detail on funding for National Insurance contribution increases for schools
  - No information on centrally employed DSG funded staff
- No detail on funding post 2025/26
- Schools Block:
  - Pupil numbers increase – £3.4M increase
  - NFF increases – £25M increase
    - Of which £22.1M relates to TPAG, TPECG & CSBG being rolled into the DSG
  - Growth Fund – £1.2m reduction
  - Equates to a 1.6% increase in funding (excl rolled in grants)
- Central Services
  - Historic Commitments £133k reduction
  - Ongoing Commitments £518k increase

# 2025/26 National Update

- High Needs DSG also updated – but further changes still expected
- High Needs
  - Commissioned pupil number increase - £0.4M increase
  - NFF Increase – £6.1M further adjustments to be applied
- Teachers Pay Additional Grant (TPAG), Teachers Pension Employer Contribution Grant (TPECG) and Core Schools Budget Grant (CSBG) not rolled into the DSG for high needs settings.
- Instead, all 3 grants rolled into a single CSBG for 2025/26.
  - More detail on how this will be distributed will be discussed at the next meeting

# High Needs Budget Setting

- To be finalised at the next Schools Forum meeting including
  - Overall budget for High Needs including provision budgets for school and FE providers
- We have additional resource as a result of the NFF and the increase in baseline, BUT may not have enough to fund all provision requirements
- Significant pressures in this area
  - Increased demand
  - Increased costs
  - High Needs budgeted expenditure increased by £6.4m in 24/25
  - Makes it difficult to maintain the status quo by funding enough places, inflate top up rates etc. and plan for the future.

# Early Years rate increase

- £0.20 (3.5%) increase in per child per hour funding received by the LA in 2025/26 for 3 & 4 YOs
- £0.24 (2.9%) increase in per child per hour funding received by the LA in 2025/26 for 2 YOs
- £0.34 (3%) increase in per child per hour funding received by the LA in 2025/26 for under 2 YOs
- LA must pass on at least 96% of EY funding to providers.
  - Previously 95% due to increasing funding overall as a result of increased eligibility for funded hours
- There will be no funding for National Insurance Increases for PVI's & Childminders
  - There will be for maintained nursery schools and all school nurseries

# Early Years budget setting

- Schools Forum have to approve the value of centrally retained EY funding at the March meeting.
- The LA has been given a deadline of 28<sup>th</sup> February to announce funding rates to providers.
- We are proposing to retain the maximum amount as has been the case in previous years
  - 4% in 2025/26
  - 5 % in 2024/25
- Does anybody have any thoughts on this ahead of the formal decision in March?

# 2025/26 DSG Allocation

## Coventry City Council DSG PPR - 2025/26

	Early Years Block (£000)	Schools Block & Growth (£000)	Central Sch.Serv Block (£000)	High Needs Block (£000)	Total (£000)
<b>1 <u>24/25 Total resources (at budget setting)</u></b>	<b>38,876</b>	<b>317,985</b>	<b>2,851</b>	<b>70,302</b>	<b>430,014</b>
1.1 Removal of one-off reserve funding 24/25					0
1.2 Pupil number adjustment (Jan-25)					0
<b>24/25 DSG (current)</b>	<b>38,876</b>	<b>317,985</b>	<b>2,851</b>	<b>70,302</b>	<b>430,014</b>
<b>2 <u>Changes to forecast DSG resource</u></b>					
2.1 Pupil number changes (Oct-24 & Jan-25)		3,374	27	396	3,797
2.2 National funding formula increase	12,177	2,945	(174)	6,089	21,037
2.3 Grants Included in Schools Block		22,064	533		22,597
2.4 Formulaic growth fund allocation change		(1,152)			(1,152)
<b>25/26 DSG (estimated)</b>	<b>51,053</b>	<b>345,216</b>	<b>3,237</b>	<b>76,787</b>	<b>476,293</b>
<b>3 <u>Additional non-DSG resource</u></b>					
3.1 25/26 Contribution from DSG reserves		89			89
<b>25/26 Total resources (estimated)</b>	<b>51,053</b>	<b>345,305</b>	<b>3,237</b>	<b>76,787</b>	<b>476,382</b>

## Coventry City Council DSG PPR - 2025/26

	Early Years Block (£000)	Schools Block (£000)	Central Sch.Serv Block (£000)	High Needs Block (£000)	Total (£000)
Total increase in resources (estimated)	12,177	27,320	386	6,485	46,368

### 3 Adjustments to Base Budget/Technical Adjustments

3.1 Reduced expenditure - historic/ongoing commitments			(200)		(200)
3.2 Pay related central staff					0
3.3 National Funding Formula increase	12,177	2,581			14,758
3.4 Grants rolled into Schools Block		22,064	533		22,597
3.5 Pupil number changes (Oct-24 & Jan-25)		3,374	27		3,401
3.6 Historic Premises Factors (NNDR)		364			364
3.7 School Licences			26		26
3.8 Explicit Growth Fund reduction		(1,063)			(1,063)
3.9 High needs commissioned places from Sept 24 (7/12ths)					0
<b>Remaining resources for Budget Proposals</b>	<b>0</b>	<b>(0)</b>	<b>0</b>	<b>6,485</b>	<b>6,485</b>

## Coventry City Council DSG PPR - 2025/26

### 4 Budget Proposals

#### 4.1 Remaining Resource

#### Resource Underallocated/(Overallocated)

### 5 DSG (Not Earmarked)

#### 5.1 (Headroom)/Efficiency Savings

### 6 (Under allocated)/Overallocated

Early Years Block (£000)	Schools Block (£000)	Central Sch.Serv Block (£000)	High Needs Block (£000)	Total (£000)
			6,485	6,485
0	(0)	0	0	(0)
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0

# Way Forward

- Finalise Schools Block budget today to feed into APT, including:
  - School Funding Formula
  - Growth Fund
- Finalise CSSB budget today
  - Separate Agenda Item
- Early Years & High Needs will finalise at March meeting, including
  - Early Years block – approval of central early years expenditure
  - Use of additional high needs resource – as part of overall budget setting

# Schools National Funding Formula

# DSG Funding update (Schools Block)

- Schools are funded via the schools block of the Dedicated Schools Grant (DSG) which is calculated using a National Funding Formula (NFF).
- Within the funding formula values are attached to pupil led factors and premises led factors.
- Premises led factors include
  - Business Rates
  - Lump Sum

# DSG Funding update (Schools Block)

- Pupil Led Factors include
  - Pupil numbers
  - Free School Meal Eligibility
  - Pupils with English as an Additional Language
  - Deprivation
- There is also 2 protection mechanisms within the NFF:
  - Minimum Per Pupil Funding – Ensures schools receive a certain amount per pupil. In 2025/26 this is £4,955 per primary pupil and £6,465 per secondary pupil
  - Minimum Funding Guarantee – Ensures schools will see a change compared to 2024/25 of between -0.5% and 0% at least.

# DSG Funding update (Schools Block)

- School budgets including historic premises factors and the Growth Fund all form part of the ring-fenced Schools Block.
- For 2025/26 we have an affordability issue on the formula if we mirror the NFF and set the MFG at 0%
  - This is not unexpected
  - Data changes and pupil number changes.
  - MFG is based on a YoY funding per pupil comparison. As briefed at the November meeting the base MFG position is based on 2024/25 funding plus the full year impact of CSBG
- In 2024/25 we had a £0.6M deficit on the formula
  - Funded by scaling all schools gains proportionally

# Schools Funding Formula Deficit

- Data eligibility changes
  - Funding the LA receives is based on October 23 data (FSM, EAL etc) but the LA sets school budgets based on October 24.
- Pupil number change also contribute to the deficit
  - Pupil numbers are funded at the October 24 level, however they are funded on an average cost basis.
  - The per pupil amount a schools receives varies from school to school depending on factors such as data eligibility and fixed costs such as rates.
  - We have gained pupils in the schools that cost more than the average

# Schools Funding Formula Deficit (cont)

	Impact £000	Surplus/(Deficit) £000
24/25 pre December APT Surplus		194
<u>Pupil Number Changes</u>		
DSG Income Increase	3,374	
Formula Cost increase	-3,452	
	-78	117
<u>Data Changes Cost (Increase)/decrease</u>		
FSM	-245	
FSM Ever 6	-624	
IDACI	1	
Low Prior Attainment (LPA)	-171	
English as an Additional Language (EAL)	-200	
Mobility	-153	
<b>Final Shortfall</b>	<b>-1,392</b>	<b>-1,275</b>

# Schools Funding Formula Deficit (cont)

- Options
  - Reduce funding distributed through funding formula
  - Fund from other one-off resources
- Not appropriate to fund ongoing expenditure from one-off resources (Reserves)
  - CCC does have a DSG reserve, however, this is made up of High Needs Block & Early Years Block funding – not Schools Block.
- In previous years we have scaled allocations of all schools proportionally – Both schools on the MFG funding floor and those above it.
- The NFF does not allow us to do this in 2025/26 as we cannot scale allocations of schools who have not seen a year on year per pupil increase – like those on the MFG of 0%

# Schools Funding Formula Deficit (cont)

- This leaves two options:
  1. Keep the MFG at 0% and the full £1.3m deficit is taken from schools above the MFG funding floor. This means gains under the NFF would need to be scaled by 36.2%
  2. Reduce the MFG to -0.5%. This would save £0.2m in MFG payments and the remaining £1.1m deficit is taken from schools above the MFG funding floor. In this scenario gains under the NFF would need to be scaled by 22.4%. However, 18 schools would see a reduction in funding on a per pupil basis compared to 2024/25.
- Due to the fact that reducing the MFG only solves a relatively small proportion of the affordability gap and leaves 18 schools with a reduction in per pupil funding, the LA's recommendation is to use option 1.

# Impact of MFG Options

## MFG Stays at 0%

	Primary	Secondary	Total
Schools on 0% MFG	14	4	18
Schools between 0% & 0.5%	19	2	21
Schools above 0.5%	52	16	68
<b>Total</b>	<b>85</b>	<b>22</b>	<b>107</b>

	Primary	Secondary
Max Scaling Value	- 41,643	- 102,210
Average Scaling Value	- 5,968	- 34,923

	Primary	Secondary
Max YoY Change	3.41%	2.55%
Min YoY Change	0.00%	0.00%
Average YoY Change	0.74%	0.83%

## MFG Reduced to -0.5%

	Primary	Secondary	Total
Schools on -0.5% MFG	13	3	16
Schools above MFG & lower than 0%	1	1	2
Schools between 0% & 0.5%	19	3	22
Schools above 0.5%	52	15	67
<b>Total</b>	<b>85</b>	<b>22</b>	<b>107</b>

	Primary	Secondary
Max Scaling Value	- 29,062	- 74,527
Average Scaling Value	- 6,320	- 32,103

	Primary	Secondary
Max YoY Change	4.03%	2.99%
Min YoY Change	-0.50%	-0.50%
Average YoY Change	0.72%	0.83%

# **School Funding Formula: Approval / Ratification**

- **The Schools Forum should ratify the recommended setting of the MFG at 0% and scaling gains by 36.2% to make the Schools Funding Formula affordable**

**Voting: All Members**

# Growth Fund (report)

# Growth Fund Operation

- Growth Fund consists of several strands
  - Increasing form of entry – Key stage 1
  - Infant Class Size – Key stage 1
  - In-year admissions – pre-16
  - Secondary Growth – Year 7, Year 8 & Year 9
  - Implicit Growth – pre-16
  - Bulge Classes
  - Secondary Capacity – Year 7 & Year 8
- Schools Forum needs to approve Growth Fund methodology and resource allocated to growth.

## 24/25 Growth Fund from DFE

- The LA's Growth Fund allocation is calculated on a formulaic basis by looking at pupil number growth between October 2023 & October 2024
- This formula has resulted in CCC's allocation reducing by £1.2M meaning the 2025/26 Growth Fund allocation is £1.6M
- Sub-Group met in December to consider all existing aspects of the Growth Fund whilst also considering proposals for new ways to utilise the funding.

# Sub-Group Proposals

- Class size funding, bulge class funding and increasing forms of entry funding would operate in the same way as in 2024/25
- Remove in-year admissions funding
  - Briefed to Schools Forum as a possibility throughout 2024/25
  - Not linked to actual growth in pupil numbers but existing pupils moving around the city so funding being provided to schools who are not attracting funding through the DfE formula
  - Funding is retrospective so presents a risk of double funding pupils who are part of a funded bulge class

# Sub-Group Proposals

- Add in funding for the 2<sup>nd</sup> year of a bulge class
  - Where a bulge class opened in the previous financial year but was not full on the October 24 census schools would not receive 30 lots of funding through the NFF as would be expected
  - Proposal is to provide funding for every vacant place on the census
  - Funding is based on the cost of a UPS1 teacher, a TA plus 25% overheads
- Change the eligibility criteria for Secondary Capacity
  - In 2024/25 any school with more than 5 vacancies in Year 7 or Year 8 would be eligible for funding. The schools would fund 5 places and the Growth Fund would fund up to 30 places
  - Now only schools with 25 or more vacancies are eligible for funding
  - Once eligible, funding is calculated in the same way as 2024/25

# Potential Growth Fund Position 25/26

Growth Fund Strands	2024/25 Requirement £	2025/26 Requirement £	Variance £
Class Size	200,685	205,772	5,087
Increasing Form of Entry	-	-	-
In-year Admissions	249,353	-	(249,353)
Secondary Growth	326,601	299,309	(27,292)
Secondary Capacity	432,380	499,341	66,961
Bulge Classes	1,243,532	203,220	(1,040,312)
Bulge Classes 2nd Year	-	433,859	433,859
<b>Total Cost</b>	<b>2,452,551</b>	<b>1,641,502</b>	<b>(811,049)</b>

	2024/25 £	2025/26 £	Variance £
Growth Fund cost	2,452,551	1,641,502	(811,049)
DSG Growth Allocation	2,704,773	1,552,545	(1,152,228)
<b>Funding (Gap)/Surplus</b>	<b>252,222</b>	<b>(88,957)</b>	
2024/25 Carry Forward		252,222	
Carry forward to 26/27		<b>163,264</b>	

- Expenditure levels are still uncertain as the above is based on forecasts of what bulge classes will be required in 2025/26. Once more detail on this & the 2026/27 growth fund position are known, options will be developed on how to treat any remaining surplus

# **Growth Fund: Approval / Ratification**

- **The Schools Forum should approve the proposed Criteria for the growth fund and the use of the resource allocated as set out in the report.**

**Voting: All Members**

# De-Delegation (report)

# De-Delegation

- Maintained schools can opt to ‘pool’ resources for a number of services for the LA to manage on their behalf.

2024/25 De-delegated Amounts	
	Primary
Free school meal eligibility	12,721
Maternity	551,319
Trade Union facility	76,016
New Arrivals Fund	247,246
<b>Total</b>	<b>887,302</b>

- Proposal for Free School Meal Eligibility and Trade Unions Facility per pupil cost to stay the same in 25/26 as 24/25
  - Free School Meal Eligibility - £2.58
  - Trade Union Facility - £4.00

# New Arrivals & Maternity De-Delegation

- Following an underspend in 2023/24, the New Arrivals Fund is again forecasting an underspend in 2024/25
  - As a result of this, proposal is to reduce the contribution from £55.42 to £38.15
  - This charge is based on the number of English as an Additional Language pupil, not all pupils like the other de-delegation funds
- The maternity de-delegation budget is overspending in 2024/25
  - Also a 5.5% teachers pay award since prices set
  - Further pay award in September 25 to consider
  - Increases to National Insurance Contribution rates and a lowering of the earnings threshold
  - A further move towards the more expensive Shared Parental Leave

# Maternity De-Delegation

- In order to minimise the impact on schools the LA's proposal is to only increase the maternity per pupil rate to a level that means overall de-delegation funding remains the same as if the New Arrivals and Maternity rates remained at 2024/25 levels.
- This means the proposed maternity rate would be £33.02 per pupil (£29.01 in 2024/25)
- New Arrivals is based on number of EAL children and maternity is based on all children so there will be an impact on amounts individual schools pay

# Maternity De-Delegation: Approval / Ratification

- **The Schools Forum should agree the de-delegation proposals**

**Voting: Maintained Primary Members**

# Central Expenditure - report

# Central School Services Block (CSSB)

- How is CSSB allocation determined?
- Breaks down into 2 parts:
  - Ongoing Responsibilities – National formula driven (£ per pupil)
  - Historic Commitments – Historic allocation
- Historic element to reduce by a further 20% in 25/26
  - Further £133k impact (£167k in 24/25, £208k in 23/24, £259k in 22/23, £324k in 21/22, £404k in 20/21)
- Ongoing Responsibilities increased £518k in 25/26

	£000
2024/25 Baseline	2,188
Roll in TPECG	182
Roll in CSBG	351
Copyright License Factor	26
2.5% Per Pupil Rate Reduction	-68
Pupil Number Growth (Oct 23 to Oct 24)	27
<b>2025/26 Allocation</b>	<b>2,706</b>

# CSSB – 2025/26 Proposed Amounts

		Historic	Ongoing	Total
		Commitments	Responsibilities	CSSB
		£000	£000	£000
1.4.1	Contribution to Combined Budgets	25		25
1.4.2	School Admissions		674	674
1.4.3	Servicing of Schools Forums		3	3
1.4.4	Termination of Employment Costs	323		323
1.4.9	Equal Pay	182		182
1.4.14	Other Items ( Copyright Licenses)		399	399
1.4.14	Other Items (TPECG September 2019)		57	57
1.4.14	Other Items (TPECG April 2024)		182	182
1.4.14	Other Items (CSBG September 2024)		351	351
1.5.1	Education Welfare		599	599
1.5.2	Asset Management		151	151
1.5.3	Statutory / Regulatory Duties		290	290
	<b>Total</b>	<b>530</b>	<b>2,706</b>	<b>3,236</b>
1.4.11	SEN Transport	310		

# Central Budget Approval

- The Schools Forum is required on an annual basis to approve the level of budget for centrally provided services (exception is copyright licenses)

## **Reminder:**

As a result of previous CSSB reviews, and the continued unwinding of historic commitment funding it was agreed at the October 2024 meeting of Schools Forum that a detailed exercise would not be required this year.

# Approval / Ratification

- **The Schools Forum should approve the proposed 2025/26 CSSB budgets**

**Voting: All Members**

# **Fair Funding Scheme of Delegation (report)**

# Fair Funding Scheme of Delegation

- FFSD is the contract between maintained schools and LA
- Maintained Schools Forum members need to formally approve proposed changes
- Two new paragraphs relating to an update to an accounting standard on leases
- Borrowing by Schools (Section 3.6.2)
  - The introduction of IFRS16 for LA's from April 2024 ends the distinction between operating and finance leases at maintained schools for accounting purposes. Under the Education Act 2002, all leases will be classed as borrowing & will require the Secretary of State for Education's consent

# Fair Funding Scheme of Delegation

- Borrowing by Schools (Section 3.6.3)
  - The Secretary of State has, however, agreed to provide blanket consent to a range of the most common leasing activities. Leases not included in this order will still require written consent and it remains the general position that schools will only be granted permission for other types of borrowing in exceptional circumstances
- Consulted on as part of FFC
  - No comments against these changes

# **Fair Funding Scheme of Delegation: Approval / Ratification**

- **The Schools Forum should agree the change to the FFSD as set out in the report.**

**Voting: Maintained Members**