

REPORT TO: Schools Forum

DATE: 26th February 2025

REPORTING OFFICER: Operational Director - Finance

PORTFOLIO: Children, Young People & Finance

SUBJECT: Schools' Funding Update for 2025-26

WARDS: Borough-wide

1.0 PURPOSE OF THE REPORT

To report to Schools Forum the latest developments surrounding the mainstream school budget funding model for 2025-26, following submission to Education & Skills Funding Agency (ESFA).

2.0 RECOMMENDATIONS

- 2.1 That the report is noted.
- 2.2 That Schools Forum supports the transfer of a small amount of funding from Schools Block to Central Schools Support Services block, to facilitate continuity of funding for the joint-use sports facility at Ormiston Bolingbroke Academy, as discussed in **section 3.5**.

3.0 SUPPORTING INFORMATION

REVISED SCHOOL BUDGETS

- 3.1 At the Schools Forum meeting of 22nd January 2025, members agreed a 2025-26 funding model, based in its essentials on National Funding Formula, but with small reductions on the basic per pupil formula values (£16.15 deducted from primary per pupil, £20.51 from KS3 and KS4 per pupil). This reduced slightly the overall funding for the roughly half of schools that were not at funding floor and protected by the Minimum Funding Guarantee.
- 3.2 The overall funding formula also consisted of funding elements for the Private Finance Initiative at The Grange, and the joint-use sports facility at Ormiston Bolingbroke Academy. Both these elements were included at 2024-25 levels plus inflation; unfortunately both of these were subject to challenge by the ESFA.
- 3.3 The first element of challenge was that LAs are now only able to inflate PFI project costs year-on-year by a centrally-determined price index, which for 2025-26 will be a mere 2.3%. Consequently, there is now

some 'freed-up' funding which can be recirculated generally across schools. In the interests of consistency, therefore, we will be partially reversing the per pupil funding rate reductions, reducing the £16.15 and £20.51 deductions to £10.88 and £13.82, respectively. This will not affect funding for the MFG-protected schools, but other schools' allocations will slightly increase, by an average of £1,000.

- 3.4 Of perhaps greater consequence is that the Department for Education has now decided that if existing joint-use agreements involve the use of council-owned premises, irrespective of whether they are staffed by school employees and/or with running costs incurred by schools, we cannot include them as a formula factor, even if, like ourselves, we have been doing so for many years (and the DfE has agreed to this for that time). Ironically because this has been an agreed part of the Halton funding formula, a large part of the funding is actually now protected by the Minimum Funding Guarantee. We were seeking to cover costs of £182,327 (24/25 levels plus the 2.3% RPI inflator), and £101,380 of this is protected by MFG. This still leaves a funding shortfall for the school, though, of £80,947. We have seen communications suggesting that other Local Authorities have also been inconvenienced by this sudden and abrupt policy change.
- 3.5 We recognise that such a shortfall is prejudicial to the school, and compromises the viability of the existing arrangement, which is intended to run through to 2035. Our proposed solution therefore is that we action a Block Transfer of the equivalent amount, £80,947, from Schools Block to Central Services Support Block, from where we can then transfer the funding directly to school as a one-off lump sum. Block Transfers may be agreed by Schools Forum up to the value of 0.5% of whole DSG (this amount represents 0.07%, and is therefore well within scope).
- 3.6 Members are advised that the reduction of the Schools Block funding quantum by £80,947 has provisionally been reflected in the revised formula values discussed in **section 3.3**.

Central Schools Services Block

- 3.7 Initial Central Schools Services Block allocation for 2025-26 was confirmed as £765,250, an increase of £13,970 on 2024-25. Assuming the Block Transfer is upheld, this will be revised to £846,197, and will be allocated as overleaf. The unallocated contingency will be evaluated in-year (it is not a massively significant figure, proportionately) and will likely be used as an offset to developing High Needs costs pressures (Schools Forum will be updated once a decision has been made):

Teachers Panel	£19,460
Copyright Licences	£141,339
Premature	
Retirements/Redundancy	£540,524
Staffing including safeguarding post	£276,491
Income for safeguarding post	-£50,160
Central Recharges	£124,319
Exclusions Income	-£160,500
Inter-Authority Income	-£272,335
Contingency	£146,112
Joint-use top-up	£80,947
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	£846,197

4.0 POLICY IMPLICATIONS

The requested revisions to the local formula agreed at the 22nd January session of Schools Forum are compliant with the national funding guidance, and the block transfer request is within the powers of Forum to determine.

5.0 FINANCIAL IMPLICATIONS

- 5.1 If the Block Transfer is not supported, equivalent funding would then be retained in Schools Block, and circulated generally across schools. The hosting school, Ormiston Bolingbroke Academy, would suffer a serious shortfall in year-on-year funding, with the joint-use arrangement itself imperilled.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

6.1 Improving Health, Promoting Wellbeing and Supporting Greater Independence

Borough-wide healthy living initiatives would be impacted if the joint-use sports facility arrangement was forced to close.

6.2 Building a Strong, Sustainable Local Economy

None.

6.3 Supporting Children, Young People and Families

It is essential that schools and education support services receive sufficient funding to allow them to support all children and young people.

6.4 Tackling Inequality and Helping Those Who Are Most in Need

None.

6.5 Working Towards a Greener Future

None.

6.6 Valuing and Appreciating Halton and Our Community

None.

7.0 RISK ANALYSIS

7.1 We need to comply with the regulations, otherwise we would have a formula imposed on us. Not only would this affect allocations in 2025-26, it would modify the baseline for future year protections.

8.0 EQUALITY AND DIVERSITY ISSUES

7.1 None

9.0 CLIMATE CHANGE IMPLICATIONS

9.1 The Local Authority must discharge its statutory responsibilities in relation to all schools and settings.

10.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

10.1 None under the meaning of the Act.