
Consultation Document for the 2025/26 Schools Formula

13th November 2024

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Children, Lifelong Learning and Families

Executive Director: Bev Hendricks



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Appendix A Former ESG duties may be funded from centrally retained schools block funding with agreement of schools' forum

1. Introduction and Background

1.1 Introduction

1.1.1 Arrangements for school funding sits within the Education and Early Help Division of the Children, Lifelong Learning and Families Department at Merton Council. The department is headed by the Executive Director, Bev Hendricks, and it comprises three divisions which are led by Directors:

- Director for Education and Early Help – Elizabeth Fitzpatrick
- Director for Children’s Social Care and Youth Inclusion – David Michael
- Director for Strategy, Commissioning & Partnerships – Christina Pace

1.1.2 The local authority is required under regulation 9 of The School and Early Years Finance (England) Regulations 2022 to consult their Schools’ Forum, maintained schools and academies about any proposed changes to the schools’ formula in relation to the factors and criteria taken into account, and the methods, principles and rules adopted. This document forms the basis for this consultation.

1.1.3 The main aim of this consultation is to inform Schools’ Forum members of the views held by their constituents in order to aid decision making on de-delegation and recommendations in relation to Merton’s 2025/26 schools’ funding formula.

1.1.4 This consultation document is structured into six main sections:

- Section 1 Background
- Section 2 Schools Block funding
- Section 3 Central School Services Block funding
- Section 4 Early Years’ Block funding
- Section 5 High Needs’ Block funding
- Section 6 The Feedback Questionnaire to facilitate schools’ comments.

1.2 Background

1.2.1 The Dedicated Schools Grant (DSG) funds a variety of educational establishments and services. This includes mainstream primary, secondary, and special schools, academies, early years, alternative provision and other high need provision such as Pupil Referral Units (PRUs).

1.2.2 While it remains the Government’s intention that a school’s budget should be set on the basis of a single national formula, referred to as the National Funding Formula (NFF), in 2025/26, local authorities will continue to be allowed to use either the NFF formula values or locally agreed values to determine funding allocations for schools. The National Funding Formula sets notional allocations for each school. These allocations are then aggregated and used to calculate the total Schools Block received by each local authority with the autumn school census as the main driver for school funding allocations.

1.2.3 There are 16 allowable funding factors in 2025/26, most of which are compulsory for all local authorities. The compulsory factors are unchanged from 2024/25. The requirements on allowable values for these factors in local formulae will be confirmed alongside the NFF allocations publication.

1.2.4 On the 3rd October the DfE announced a change to the normal process resulting from the timing of the General Election this year. Normally by this point in the year the local authority would have received notional levels of DSG and a modelling tool to allow the production of various scenarios. A summary of the announcement is as follows:

- Notional DSG allocations will be provided “as soon as possible” after the budget to be held on the 30th October 2024;
 - Summary policy note has been issued explaining how the factors are used and confirmation that there have been no significant changes since last year;
 - The final allocations will be issued as normal in mid-December as usual;
 - No draft modelling authority proforma tool (APT) will be issued this year but the final one will be issued as usual with the final allocations in December.
- 1.2.5 Following the Budget announcement on 30th October, the DfE have advised they’re now in the process of calculating the NFF for 2025/26 and expect to publish NFF allocations by the end of November, and have repeated that there will be no substantial changes to the NFF for 2025/26. Given the reduced information available at the point of consultation for 2025/26, this consultation will be based on principles only and will not be able to provide indicative allocations.
- 1.2.6 It has been confirmed that minimum per pupil levels (MPPLs) values will remain compulsory in funding formulae and a funding floor will continue to provide funding protections. The 2025/26, split sites funding will sit outside the calculation of the funding floor. The only structural changes being made to the NFF for 2025/26 are:
- providing pro-rata funding when a PFI contract is coming to an end in the financial year (such that funding is only provided for the part of the year when the contract is still in place)
 - setting conditions that local authorities would need to meet to receive above-inflation increases in PFI funding (with the expectation that these would be the exception). The default expectation will be that previous years’ PFI funding through the NFF will be increased by the Retail Prices Index excluding mortgage interest payments (RPIX) measure of inflation.
- 1.2.7 Within the NFF it is still possible to de-delegate some items, and we are proposing that to continue in Merton.
- 1.2.8 The Early Years Block of the DSG funds a variety of early years educational establishments that deliver the funded entitlement as well as core support. This includes mainstream and special schools (including academies and free schools), private and voluntary providers, independent schools, and childminders. This funding is provided in two stages: first Government provides the grant to local authorities, and then the authorities distribute the grant to the local educational establishments through an Early Years formula.
- 1.2.9 The normal process for determining funding allocations for early years entitlements is to take an annual census count of the number of hours taken up by children on the basis of the January census. Local authorities funding will be based on the spring census.
- 1.2.10 Merton Council will continue to monitor the supply and take up of 2-, 3- and 4-year-old places to ensure that its sufficiency duties are met, and that there is a good choice of high quality, flexible and accessible funded early education provision for children aged 2 to 4 years. The local authority is continuing to work with providers to ensure its sufficiency duties is being met.

2. Schools Block funding

2.1 Overall school funding

- 2.1.1 The funding to schools comes mainly through four grants, namely; DSG, Pupil Premium, 6th form, and universal infant free school meals grants. DSG is the largest of these grants and the subject of this consultation.
- 2.1.2 Table 1 below shows how the total DSG is split between the four funding blocks in 2024/25.

Table 1: Split of DSG over the four blocks.

Block	2024/25 Amount £000
Schools Block	156,218
Central Schools Services Block	1,147
Early Years Block	23,237
High Needs Block	50,257
Total DSG	230,858

We have not yet received allocations for 2025/26 from DfE. However, we do have confirmation that the teachers' pay additional grant (TPAG) and the teachers' pension employer contribution grant (TPECG) 2024 will be rolled into the NFF for 2025 to 2026. The recently announced core schools budget grant (CSBG) will also be rolled into the schools NFF for 2025 to 2026.

For all 3 of the grants, the funding will be rolled in following a very similar approach to previous grants. That is:

- adding cash amounts to the primary, key stage 3 and key stage 4 per pupil funding factors in the schools NFF, to represent the equivalent amounts in the grants.
 - adding cash amounts to the primary and secondary FSM6 factors, and the lump sum, in the schools NFF, to represent the equivalent amounts in the grants.
 - adding cash amounts to the minimum per pupil funding levels (MPPLs) for primary, KS3 and KS4 respectively, to reflect the average per pupil amount of funding that schools attracted through the preceding grants.
 - adding an amount representing the total funding each school received through the preceding grants on to its baseline, which is used to calculate funding protection for the schools through the funding floor.
- 2.1.3 For TPAG and TPECG, the funding rolled in to the NFF will use the published funding rates directly. For example, in step (1) above, the cash amount added to the primary basic per pupil NFF factor to roll-in TPAG will simply be the cash value of the primary basic per pupil rate in TPAG for 2024/25 (that is, £62).
- 2.1.4 For CSBG, however, DfE will take a slightly different approach to rolling-in this funding to the NFF. This is because the total funding in the CSBG in 2024/25 is calculated to match, at a national level, the funding needed to meet the full-year cost of the support staff pay award, as well as the part-year cost of the 2024 teachers' pay award (from September 2024). Therefore, to roll in this funding, we will calculate the full year equivalent of the whole of the CSBG, and then calculate new (higher) full-year equivalent funding rates from this new total. The cash values rolled into the NFF in 2025/26 will then reflect these full-year equivalent funding rates.

2.1.5 Merton are consulting with schools and academies on how to apply funding formula options this year. We propose to replicate and maximise as many of the NFF factors as is possible to balance within the grant envelope. It aims to align the LA with the NFF before we are compelled to do so and aligns us with the majority of other LAs.

2.1.6 There will still be a requirement to apply local decisions to the following factors:

- National Non-Domestic Rates (NNDRs):
 - From 2025/26 Merton has applied to join the ESFA's central national non-domestic rates (NNDR) payment process for schools. The benefits of the scheme include removal of the in-year pressure caused by funding lags as rate increases will be funded in year, rather than running a year behind under our current system. The Council will receive funding directly from central government to pay the NNDR charges for schools, without schools having to receive and then pay out the rates themselves.
- Transfers from the Schools Block to the High Needs Block:
 - For 2025/26 Merton is proposing to transfer 0.5% of the Schools Block to the High Needs Block, in line with the transfer in 2024/25. How much this equates to won't be known until the allocations are confirmed but in 2024/25 this amounted to £781k. This is to help fund the growing cost pressure of increased pupils with Special Educational Needs or Disabilities in mainstream schools with Education Health and Care Plans (EHCPs). There is a question within the consultation which asks for schools' response to this proposal.
 - A disapplication request has been submitted to the Safety Valve Team/Secretary of State to transfer above the 0.5%; namely an additional £500,000 cash transfer in support of the Safety Valve Plan 4th year of the programme. Again, schools are asked to respond to this proposal.
- The Minimum Funding Guarantee (MFG)

2.2 Minimum Funding Guarantee (MFG)

2.2.1 Local authorities will continue to be able set a MFG in their local formula and look to maximise this, to protect schools from excessive year on year changes and to allow changes in pupil characteristics (for example reducing levels of deprivation in a school) to flow through.

2.2.2 It is important to note that when more money is used to fund the MFG, as with other locally applied factors, it means less is available to allocate to schools. On the 5th November the DfE confirmed the MFG for 2025/26 must be set between -0.5% and 0%. Merton proposes to maximise this a 0% as far as possible, though this cannot be confirmed until it can be considered alongside the other NFF values which are yet to be released.

2.3 Optional de-delegation for maintained schools

2.3.1 To give school leaders greater choice over how to spend their budgets, the schools' funding formula is based on the principle that services in the Schools' Block and the funding for these services is delegated to schools in the first instance.

2.3.2 Centrally retained services are split into two groups based on different DSG funding streams:

- De-delegated Services. These have to be allocated through the formula but can be de-delegated for maintained primary and secondary schools with Schools' Forum approval.
- Central School Services Block (CSSB). Centrally retained budgets transferred from the Schools Block and funding for duties retained for both maintained schools and academies. The latter was previously funded through the Education Services Grant (ESG). More details on these services can be found in Section 3 of this report.

2.3.3 Within regulations, de-delegation is not an option for academies, special schools, nurseries or PRUs. Where de-delegation has been agreed for maintained primary and secondary schools, Merton will offer the service on a buy-back basis to those maintained schools in their area which are not covered by the de-delegation. In the case of special schools and PRUs, the funding for such services is included in the top-up.

2.3.4 The table below details the requests for de-delegation for 2025/26 compared to 2024/25. These are indicative proposals at this stage, pending further review when DSG allocations are confirmed and consultation responses considered.

The options for de-delegating these budgets are set out below. For each of these, it will be for the Schools' Forum members in the relevant phase (primary or secondary) to decide taking account of the result of the consultation, whether that budget should be retained centrally. The decision will apply to all maintained schools in that phase and will mean that the funding for these services is removed from the formula before school budgets are issued. The impact of these de-delegations for each school may increase following maintained schools academisation.

Table 2: Proposed De-Delegations

Service	2025/26 - option A for Attain and School Improvement & Brokering £000	2025/26 - option B for Attain and School Improvement & Brokering £000	2025/26 - option C for Attain and School Improvement & Brokering £000	2024/25 £000
Contingency – Schools in Challenging Circumstances	400	400	400	400
Contingency – Attain	100	58	58	100
Contingency – Tree Maintenance	65	65	65	65
Primary school kitchen equipment replacement	40	40	40	40
Supply staff cost for parenting cover and public duties	770	770	770	770
Support to underperforming ethnic minority groups and bilingual learners	70	70	70	70
Behaviour support services (<i>previously listed separately as 'Behaviour Support' and 'Virtual Behaviour Support', these have now been combined on this one line for clarity</i>)	287	287	287	287

School improvement & Brokering (<i>this was previously listed as 'School Improvement' & 'School Improvements and Brokering', these have now been combined into this one line for clarity</i>)	254	296	354	254
Attendance	183	183	183	183
Total	2,169	2,169	2,227	2,169

For all the services detailed in the table above and outlined below, please state in the feedback questionnaire whether you would prefer these services to be delegated (stay with schools) or de-delegated (centrally managed by Merton council).

2.3.5 Contingencies- Schools in Challenging Circumstances (SCC): This budget is used to support schools experiencing specific challenges where there is no school budget available to meet the agreed need. It is used proactively to prevent problems and to secure rapid progress when necessary. In particular it is used to support schools at risk of being judged as less than 'Good' when they are next inspected; and when a school has a deficit budget, especially in the context of falling rolls. It is applied at the discretion of the Director for Education and Early Years (Elizabeth Fitzpatrick) in discussion with the Head of School Improvement Services and the Headteacher of the relevant school. It is used to respond to specific school level issues and as these change each year, there are no historic spending patterns by phase or school.

Schools contribute towards this fund based on numbers on roll through the AWPU factor.

2.3.6 Contingencies- Attain (formerly Merton Strategic School Effectiveness Partnership): The use of this funding will be agreed through the governance arrangements of the Attain Board. The fund is used to deliver partnership work with clearly demonstrable education benefits. Option A in relation to Attain and School Improvement and Brokering would be to continue the £100k de-delegation for Attain, in line with 2024/25. Option B is to reduce the Attain de-delegation by £42k and increase the School Improvement and Brokering de-delegation by £42k. Option C is as per Option B, but also increases the School Improvement and Brokering de-delegation by a further £58k, to bring it in line with the funding lost to the service following the cessation of the Local Authority School Improvement Monitoring and Brokering Grant detailed in the School Improvement and Brokering section 2.3.12.

Schools contribute towards the Attain fund based on numbers on roll through the AWPU factor.

2.3.7 Contingencies- Tree maintenance: This budget is used for emergency tree work and also supports the provision of advice about the maintenance and safety of trees. This work can be quite costly and is commissioned by Merton's Environment, Civic Pride and Climate department.

Schools contribute towards this fund based on numbers on roll through the AWPU factor.

2.3.8 Primary school kitchen equipment replacement: This budget only applies to primary and special schools that buy into the council's contract, as secondary schools manage their own meal arrangements or are part of the PFI (Private Finance Initiative) project.

To date the council has retained £40,000 through de-delegation to meet the cost of replacing any kitchen equipment which is beyond economic repair. The catering provider pays for day-to-day maintenance. With the vast majority of primary schools buying into a central contract

this reduces the administrative time in replacing essential equipment and the risk to a school of paying for an unexpected expensive item. Primary schools contributed towards this fund based on the numbers on roll through the AWPU factor.

2.3.9 **Supply staff cost for parenting cover and public duties:** This budget includes £700,000 for parenting cover and £70,000 for public duties. If the parenting cover budget was delegated, schools would have to take individual responsibility for that pay. The public duties' budget provides cover for duties such as jury service and trade union duties. If delegated, schools would need to cover these additional costs themselves. Schools contribute towards this fund based on numbers on roll through the AWPU factor.

2.3.10 **Support to under-performing ethnic minority groups and bilingual learners:** This budget is £70,000 for equalities support for schools; through this budget newly arrived pupils and their families are also supported. The team appoints, trains, and manages a large team of bilingual assistants used extensively by Merton schools.

Schools contribute towards this fund based on the English as an Additional Language (EAL) factor.

2.3.11 **Behaviour support:** This budget currently funds a range of support to schools to improve behaviour. The DSG budget funds the support for and liaison with CAMHS and support for vulnerable pupils in primary and secondary schools; anti bullying; support for emotional well-being initiatives such as nurture groups; mental health support initiatives; all exclusion advice and support; and prevention of exclusion case work support from the team including the work of the Behaviour Support Assistants. This latter provision supports some of our most vulnerable pupils in primary schools. Currently different schools use different services from within the Virtual Behaviour Service (VBS) based on need.

The team is also part of the Language Behaviour and Learning buy back service. This service is widely bought in for a range of support, assessment, and training needs by schools. Thus, the team is already part funded by delegated funds. If the team was fully delegated, all services would need to be considered as full buy back which would significantly increase the costs to schools to access services. The consequence would be that support would be targeted based on schools funding rather than pupil needs. If the primary behaviour service was delegated there is a potential to require more expensive primary provision at greater cost to schools. Schools contribute towards this fund based on the low attainment factor

2.3.12 **School Improvement and Brokering:** Since September 2017 School Improvement had been funded through the Local Authority School Improvement Monitoring and Brokering Grant (covering statutory intervention functions and services such as monitoring and commissioning of school improvement support), de-delegation (for additional school improvement provision for maintained schools) and some funding from the local authority to fund the balance.

Funding for non-statutory duties for maintained schools through SLAs provide a budgeted used to fund the traveller service, inspectors, advisory teachers, some SEND posts as well as the analysis of local authority level pupil outcome statistics.

The Local Authority School Improvement Monitoring and Brokering Grant from the DfE has since ceased. In doing so the DfE made it clear that councils were to 'de delegate funds via their schools' formula to ensure they are sufficiently funded to exercise all of their improvement activities, including all core improvement activities'.

Therefore, we have three options proposed for consultation. Option A in relation to Attain and School Improvement and Brokering would be to continue the de-delegations at the same amounts as in 2024/25. Option B is to reduce the Attain de-delegation by £42k and increase

the School Improvement and Brokering de-delegation by £42k. Option C is as per Option B, but also increases the School Improvement and Brokering de-delegation by a further £58k.

Schools contribute towards this fund based on numbers on roll through the AWPU factor.

- 2.3.13 **School Attendance:** The government issued guidance with regards to improving pupil attendance, including clear definitions of DSG funded services and local authority funding (statutory duties).

We therefore propose that the service is funded by DSG de-delegated by schools in line with the funding for 2024/25 so that an EWS team is retained. This will allow schools to continue to be supported by their EWO.

- 2.3.14 **Insurance:** This service is currently delivered through a Service Level Agreement (SLA). Although this budget can be de-delegated, Schools Forum has previously decided that this should not be an option as this would enable individual schools to make a decision.

- 2.3.15 Schools can buy into any service with funding from their delegated budget. The authority will continue to deliver services to schools through the SLA on a buyback basis.

2.4 Education Services for maintained schools

- 2.4.1 Local authorities were previously able to fund services from the general funding rate of the Education Services Grant (ESG) (for maintained schools only) from maintained school budget shares with the agreement of maintained school members of the Schools' Forum. This section relates to funding that was previously supplied by separate grant funding but which is now transferred from Schools Block (with School Forum sign off). The amount this year is £650,000 (£629k from Schools Block and £21k from high needs block) which has remained static since 2018 and relates to the "general duties" element of the old ESG.

- 2.4.2 The amount to be retained by the local authority should be agreed by the relevant maintained schools' members of the Schools Forum (primary, secondary, special and pupil referral units). If the local authority and Schools Forum are unable to reach a consensus on the amount to be retained by the local authority, the matter can be referred to the Secretary of State.

- 2.4.3 Local authorities should set a single rate per 5- to 16-year-old pupil for all mainstream maintained schools, both primary and secondary. In the interests of simplicity, this is deducted from basic entitlement funding. Adjustments to other factors are not allowed and the rate will not include early years or post-16 pupils, who are in any case funded through different formulae. Local authorities may choose to establish differential rates for special schools and PRUs if the cost of fulfilling the duty is substantially different for these schools. The rate is expressed per place rather than per pupil for special schools and PRUs.

- 2.4.4 The multipliers used in ESG previously were 3.75 for PRUs and 4.25 for special schools. Merton decided to be consistent and use the same rate for all schools and not have a higher rate for special schools or the PRU.

- 2.4.5 As with de-delegation, the amount to be held by the local authority is determined after the MFG has been applied.

- 2.4.6 Until 2017/18, ESG was made up of two rates that funded two different groups of services:

- The **retained duties rate** has gone to local authorities to fund services they provide to all schools, including academies.
- The **general duties rate** has gone to both local authorities and academies to fund services authorities provide to maintained schools, but which academies must provide themselves.

- 2.4.7 The retained duties rate of the ESG which has previously gone to local authorities to fund services they provide to all schools, including academies, is now allocated through the DSG and is included in the Central Schools Service Block. See section 3.6 for more details.

- 2.4.8 The general duties rate of the ESG is what we review in this section.
- 2.4.9 The contribution for 2024/25 is proposed to remain at £650,000, funded by the schools block £629k and the high needs block £21k.
- 2.4.10 The individual school's contribution is calculated based on numbers on roll through the AWPU factor.
- 2.4.11 Maintaining local authority and school contributions at the current agreed levels ensures that central services supporting schools such as Finance, Education Welfare, Education Planning etc. continues to be provided as part of the general fund grant.

2.5 Growth/Falling Rolls Fund (£300k)

- 2.5.1 This funding is allocated to schools to support the extra costs involved in setting up and providing additional classes in September where they are requested by the local authority to expand above their existing published admission number (PAN) to meet a shortage of pupil places in the overall area. This is required as there is a time lag before the increased pupil numbers are recognised in any factors of the school's formula.
- 2.5.2 The funds are provided on the same basis for maintained schools, academies, and free schools. However, as academies and free schools are funded on the basis of an academic year, the time lag is a full academic year, while for maintained schools it is only 7/12 of the academic year (1 September to 31 March).
- 2.5.3 The funds are allocated at £60,000 per additional primary class and £80,000 per additional secondary class to cover the 7/12 of the academic year time lag for maintained schools. Academies/free schools providing additional classes agreed by the council will receive the further 5/12; so, a secondary academy, for example, will receive an additional £137,140 in total (£80,000 plus £57,140). It should be noted that the additional 5/12 to cover the period 1 April to 31 August is provided as a specific sum by the EFA and then passported by the council to the academy/ free school.
- 2.5.4 Following agreement by Schools Forum in June 2019, in the case of secondary schools the above is used more flexibly to commission smaller quantities of places to ensure sufficient in-year places can be provided in the context of keeping surplus places as low as possible to protect school budget, and therefore avoiding setting up additional classes wherever possible. This works on the same basis as above under the formula of £80,000/30 X number of places commissioned.
- 2.5.5 We propose the growth/falling rolls fund at £300,000.
- 2.5.6 As it is within the Schools' Block, a movement of funding from the schools' formula into the growth fund would not be treated as a transfer between blocks, but the Schools' Forum would still need to agree the total growth/falling rolls fund.
- 2.5.7 If approved, this £300k will be distributed according to the NFF methodology.

2.6 Transfer between blocks

- 2.6.1 The Schools' Block has been ring-fenced since 2018/19, but local authorities are able to transfer up to 0.5% of their Schools' Block funding without the agreement of their Schools' Forum. Local authorities wishing to make a transfer should consult with all local maintained schools and academies, and the Schools' Forum should take into account the views of the schools responding before giving their approval.
- 2.6.2 There is an exceptions process, which will require Secretary of State Approval, for considering transfers above the 0.5% limit and/or where the Schools' Forum is opposed to the transfer. Whilst the other blocks are not subject to limits on transfers, local authorities are strongly

encouraged to consult their schools and agree with their Schools' Forum any other proposal to move funding between blocks.

2.6.3 These transfers are **not permanent** in nature and will be subject to consultation and agreement by the Schools' Forum in 2025/26 should this be required.

2.6.4 **For 2025/26 Merton propose to transfer 0.5% from the Schools' Block to the High Needs Block again. This is estimated to be c.£800k of the Schools' Block allocation (but the exact amount will be subject to the allocations yet to be announced by DfE) and will be used to continue to fund the pressures of the growth in EHCPs and increase in numbers at special schools.**

2.6.5 Due to the overall cost pressure of the High Needs Block, it is expected that the full transfer of 0.5% from the Schools Block to the High Needs Block will continue to be required in future years as a minimum but each year will be consulted upon.

2.6.6 **The 0.5% transfer is required as the HNB funding growth has not been sufficient to cover the growth in cost associated with EHCPs, and as part of the DSG Safety Valve recovery plan an additional £500,000 transfer will be consulted upon in support of demands within the high needs block and current deficit. A disapplication request has been submitted to the Safety Valve team/Secretary of State for the £500k over and above the 0.5% permitted transfer.**

2.7 Proforma

2.7.1 The Proforma, upon final autumn census update and consultation with schools, is expected to be submitted to the ESFA for agreement by 22nd January 2025 in line with the published deadline.

2.8 Timetable

2.8.1 The timetable for setting the 2025/26 Schools' Budget is set out in the table below.

Table 3: Timetable

Date		Action
November	13th	Meeting of Schools Forum to discuss and agree the school's draft consultation document prior to distribution.
November	14th	Email electronic copy of consultation document to all Head Teachers.
December	6th	Closing Date for the Schools Consultation 2025/26
Mid- December	tba	Publication of DSG Schools Block and High Needs Block allocations and APT for 2025/26 (prior to academy recoupment and HNB adjustments).
January	16th	Outcome of the consultation considered by School Forum for Budget setting 2025/26 and draft models
January	22nd	Submit final data (Authority Proforma Tool (APT) model) for Schools Budget Proforma to ESFA and data validation checks
February	28th	Final budgets are distributed to schools <i>(subject to ESFA approval of Local Authority Proforma Tool (APT) Model)</i>

3 Central School Services Block (CSSB)

3.1 Introduction

3.1.1 The CSSB was introduced in 2018/19 to fund local authorities for the statutory duties that they hold for both maintained schools and academies. The CSSB brings together:

- 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
- funding previously allocated through the retained duties element of the (ESG)

3.1.2 The table below details the value of items applicable in Merton for 2024/25. 2025/26 is proposed to be broadly in line with these splits again but will depend upon the final allocation for CSSB when published.

Table 4: Centrally retained funding

Description	2024/25 £000
Central licences negotiated by the Secretary of State	156
School admissions	366
Servicing of school forums	12
Prudential borrowing	207
Statutory and regulatory duties LAs hold for all schools (including academies & free schools)	412
Total Centrally retained funding	1,153

3.1.3 With the exception of the central licences negotiated by the Secretary of State, Schools' Forum approval is required for these services every year on a line-by-line basis. The prudential borrowing budget is also not allowed to exceed the value agreed in the previous funding period.

3.2 Central licences negotiated by the Secretary of State

3.2.1 These agreements are administered and paid for by the ESFA and deducted directly from the DSG. The DfE pays subscriptions on behalf of schools to the following agencies:

- Christian Copyright Licencing International
- Copyright Licencing Agency (CLA)
- Educational Recording Agency (ERA)
- Filmbank Distributors Ltd (for the PVSL)
- Mechanical Copyright Protection Society (MCPS)
- Motion Picture Licencing Company (MPLC)
- Newspaper Licencing Authority (NLA)
- Performing Rights Society (PRS)
- Phonographic Performance Limited (PPL)
- School Printed Music Licence (SPML)

3.3 School admissions

3.3.1 This service covers the cost of the school admissions team.

3.4 Servicing of Schools Forum

3.4.1 This budget covers the administration cost of the Schools' Forum, including officer and running costs. The funding is proposed to continue at £12,200 for 2025/26.

3.5 Prudential Borrowing

- 3.5.1 The prudential borrowing was agreed on 15th October 2007 by the Schools' Forum to increase the special school places available in the borough. This was agreed as a "spend to saving" initiative due to the high cost of independent provision.
- 3.5.2 This historic cost of £207,240 was agreed for 25 years and repayment started in 2012/13. The ESFA have reduced the funding for historic commitments by 20% from 2020/21 onwards.

3.6 Statutory and regulatory duties LAs hold for all schools

- 3.6.1 The duties included within the CSSB are included in the left-hand column of Appendix A.
- 3.6.2 Where local authorities hold duties in relation to all schools (as set out in Schedule 2, Parts 1 to 5 of the School and Early Years Finance Regulations 2021), all schools must be treated on an equivalent basis. Merton does not treat voluntary aided schools, foundation schools or academies differently from other maintained schools in the services they provide to them and do not charge for services that are provided free of charge to community and voluntary controlled schools and paid for out of the centrally held DSG. This does not include funding that has been retained centrally from maintained school budgets only (as set out in Schedule 2, Parts 6 and 7), see section 2.4.
- 3.6.3 The amount of the CSSB that is proposed to be allocated to these statutory education services for 2025/26 is £412k, the same since 2019/20, and will be transferred to Merton's general fund to execute these duties, as last year.

4 Early Years Block funding – 2025/26

4.1 The Early Years Block funding

The consultation for the Early Years funding block consultation will take place early in the new calendar year.

5. High Needs Block (HNB) funding

5.1 Background

- 5.1.1 The High Needs Block supports provision for pupils and students with special educational needs (SEN) and disabilities (SEND), from their early years to age 25, and alternative provision (AP) for pupils who cannot receive their education in schools.
- 5.1.2 High needs funding is intended to support the most appropriate provision for each individual, taking account of parental and student choice, providing appropriate provision in a range of settings, and to avoid perverse incentives. It is intended to support good quality alternative provision for pupils who, because of exclusion, illness or other reasons, cannot receive their education in mainstream schools.
- 5.1.3 2025/26 distribution will be dependent on the HNB allocation yet to be announced.
- 5.1.4 It is proposed that Merton will continue to provide additional funding of £350k outside the main funding formula for mainstream schools and academies with an above average number of pupils with EHCPs. The % uses to allocate this will be adjusted to remain within the £350k budget overall.

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**Section 6 - Feedback Questionnaire to Merton's Schools
Funding Formulae 2025/26**

This questionnaire must be completed and emailed/returned by **Friday 6th December 2024** to:

Jayne Ward : jayne.ward@merton.gov.uk

NAME OF SCHOOL _____

Signature _____
(Headteacher / Chair of Governors)

Date _____

Section 2.1.5 - Schools Funding Formula options

Merton proposes to replicate and maximise as many of the NFF factors as is possible to balance within the grant envelope. It aims to aligns the LA with the NFF before we are compelled to do so. Please indicate if you are in agreement with this proposal and any comments you have if not in agreement.

Are you in agreement with this proposal?

Yes	
No	

Comments

Section - 2.2 MFG percentage

The MFG in 2025/26 must be set at between -0.5% and 0%. Merton propose to maximise this at 0% as far as possible, though this cannot be confirmed until it can be considered alongside the other NFF values which are yet to be released. Please provide any comments you have below on this approach and if you disagree with it, please provide your reasons for this.

Comments

Section 2.3 - De-delegation

For all of the services below, please state either Yes or No to indicate whether or not you would prefer the services to be de-delegated to the authority to be managed centrally rather than by each individual school. For Attain and School Improvement & Brokering, please indicate if you are in favour of option A, B or C. Any de-delegation approved will reduce the funds available to distribute to schools. Any delegation that is not approved will result in the individual school needing to manage this activity themselves. Last year Schools Forum agreed to de-delegate all services.

Paragraph	Service	De-delegate? (Yes/No)	if Yes, for Attain and School improvement & Brokering only - Option A, B or C
2.3.5	Contingency – Schools in Challenging Circumstances		
2.3.6	Contingency – Attain		
2.3.7	Contingency – Tree Maintenance		
2.3.8	Primary school kitchen equipment replacement		
2.3.9	Supply staff cost for parenting cover and public duties		
2.3.10	Support to underperforming ethnic minority groups and bilingual learners		
2.3.11	Behaviour support services		
2.3.12	School improvement & Brokering		
2.3.13	Attendance		

Other de-delegation comments

Please provide any comments you would like to be considered by the Schools' Forum on the de-delegation of budgets for 2025/26.

Comments

Section 2.4 - Education Services for maintained schools

For 2025/26 Merton proposes to keep the amount static at £650k (£629k from the schools block and £21k from high needs block) retained to fund services previously funded by the Education Services Grant (ESG) (for maintained schools only). Please indicate below if you are in support of this proposal and any comments.

	Yes/No
Are you in support of this proposal?	

Comments

Section 2.5 - Growth/Falling Rolls

For 2025/26 Merton proposes to support schools with growth/falling rolls and earmark (retain) from schools block £300,000 in financial support to schools with growth (classes) or at the end of the financial year, distribute the £300,000 to schools with fallings rolls as in previous years.

	Yes/No
Are you in support of this proposal?	

Comments

Section 2.6 - Transfer between blocks

For 2025/26 Merton proposes to maintain the transfer from the Schools Block to the High Needs Block. This is 0.5% of schools block (estimated to be c.£800k but the final figure will depend on final allocations) and will be used to continue to fund the increase in place numbers at special schools and growth in top-up (banding) fees.

In support of the DSG Recovery Plan and Safety Valve Agreement a proposal to transfer an additional £500k cash (one year) from the Schools Block to the High Needs Block in support of the deficit recovery plan and working in conjunction with the DfE on the Safety Valve Programme. This would be subject to Safety Valve Team and Secretary of State (SOS) approval.

	Yes/No
Please state whether you would support this 0.5% transfer from the schools to the High Needs Block.	
Please state whether you would support the additional transfer of £500,000 in support of the Merton DSG Recovery Plan (<i>a Dis-application request would have to be approved by the Safety Valve Team/Secretary of State</i>)	

Comments

Section 5.1.4 - High Needs Block - Targeted support to schools with high SEN pupil numbers

Merton is proposing to continue to provide additional funding outside the main funding formula for mainstream schools and academies. The proposal is to allocate an additional £350,000 for when mainstream schools have more than the average number of EHCP pupils. Distribution will be based on a percentage allocation.

	Yes/No
Please state whether you support this proposal for 2025/26? (<i>Please state reasons below</i>)	

Comments

Any other comments with regards to DSG budget setting for 2025/26

Comments

Thank you for taking the time to provide your feedback.

Appendix A Former ESG duties may be funded from centrally retained Schools Block funding with agreement of schools’ forum.

Local authorities are able to fund central services previously funded within the retained duties rate (for all schools), with the agreement of schools’ forum. They are also able to fund services previously funded within the general duties rate (for maintained schools only) from maintained school budgets shares with the agreement of maintained school members of the schools’ forum. The split of services between the two groups is shown in the table below. References are to the schedules in the current “Schools and Early Years Finance (England) Regulations”.

Central Services	
Responsibilities local authorities hold for all schools (funded by the central school services block with the agreement of Schools Forums)	Responsibilities local authorities hold for maintained schools (funded from maintained schools’ budgets only with agreement of the maintained school members of the Schools Forum)
<p><u>Statutory and Regulatory duties</u></p> <p>Director of children’s services and personal staff for director (Sch 2, 15a)</p> <p>Planning for the education service as a whole (Sch 2, 15b)</p> <p>Revenue budget preparation, preparation of information on income and expenditure relating to education, and external audit relating to education (Sch 2, 22)</p> <p>Authorisation and monitoring of expenditure not met from schools’ budget shares (Sch 2, 15c)</p> <p>Formulation and review of local authority schools funding formula (Sch 2, 15d)</p> <p>Internal audit and other tasks related to the authority’s chief finance officer’s responsibilities under Section 151 of LGA 1972 except duties specifically related to maintained schools (Sch 2, 15e)</p> <p>Consultation costs relating to non-staffing issues (Sch 2, 19)</p> <p>Plans involving collaboration with other LA services or public/voluntary bodies (Sch 2, 15f)</p> <p>Standing Advisory Committees for Religious Education (SACREs) (Sch 2, 17)</p> <p>Provision of information to or at the request of the Crown other than relating specifically to maintained schools (Sch 2, 21)</p>	<p><u>Statutory and Regulatory duties</u></p> <p>Functions of LA related to best value and provision of advice to governing bodies in procuring goods and services (Sch 2, 57)</p> <p>Budgeting and accounting functions relating to maintained schools (Sch 2, 74)</p> <p>Authorisation and monitoring of expenditure in respect of schools which do not have delegated budgets, and related financial administration (Sch 2,58)</p> <p>Monitoring of compliance with requirements in relation to the scheme for financing schools and the provision of community facilities by governing bodies (Sch 2, 59)</p> <p>Internal audit and other tasks related to the authority’s chief finance officer’s responsibilities under Section 151 of LGA 1972 for maintained schools (Sch 2, 60)</p> <p>Functions made under Section 44 of the 2002 Act (Consistent Financial Reporting) (Sch 2, 61)</p> <p>Investigations of employees or potential employees, with or without remuneration to work at or for schools under the direct management of the Headteacher or governing body (Sch 2, 62)</p> <p>Functions related to local government pensions and administration of teachers’ pensions in relation to staff working at maintained schools under the direct management of the Headteacher or governing body (Sch 2, 73)</p>

<p>Responsibilities local authorities hold for all schools (funded by the central school services block with the agreement of Schools Forums)</p>	<p>Responsibilities local authorities hold for maintained schools (funded from maintained schools' budgets only with agreement of the maintained school members of the Schools Forum)</p>
	<p>Retrospective membership of pension schemes where it would not be appropriate to expect a school to meet the cost (Sch 2, 76)</p> <p>HR duties, including advice to schools on the management of staff, pay alterations, conditions of service and composition/organisation of staff (Sch 2, 64); determination of conditions of service for non-teaching staff (Sch 2, 65); appointment or dismissal of employee functions (Sch 2, 66)</p> <p>Consultation costs relating to staffing (Sch 2, 67)</p> <p>Compliance with duties under Health and Safety at Work Act (Sch 2, 68)</p> <p>Provision of information to or at the request of the Crown relating to schools (Sch 2, 69)</p> <p>School companies (Sch 2, 70)</p> <p>Functions under the Equality Act 2010 (Sch 2, 71)</p> <p>Establish and maintaining computer systems, including data storage (Sch2,72)</p> <p>Appointment of governors and payment of governor expenses (Sch 2, 73)</p>
<p><u>Education Welfare</u></p> <p>Functions in relation to the exclusion of pupils from schools, excluding any provision of education to excluded pupils (Sch 2, 20)</p> <p>School attendance (Sch 2, 16)</p> <p>Responsibilities regarding the employment of children (Sch 2, 18)</p>	<p><u>Education Welfare</u></p> <p>Inspection of attendance registers (Sch2, 79)</p>

<p><u>Asset management</u></p> <p>Management of the LA's capital programme including preparation and review of an asset management plan, and negotiation and management of private finance transactions (Sch 2, 14a)</p>	<p><u>Asset management</u></p> <p>General landlord duties for all maintained schools (Sch 2, 77a & b (section 542(2)) Education Act 1996; School Premises Regulations 2012) to ensure that school buildings have:</p>
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<p>Responsibilities local authorities hold for all schools (funded by the central school services block with the agreement of Schools Forums)</p>	<p>Responsibilities local authorities hold for maintained schools (funded from maintained schools' budgets only with agreement of the maintained school members of the Schools Forum)</p>
<p>General landlord duties for all buildings owned by the local authority, including those leased to academies (Sch 2, 14b)</p>	<ul style="list-style-type: none"> • appropriate facilities for pupils and staff (including medical and accommodation) • the ability to sustain appropriate loads • reasonable weather resistance • safe escape routes • appropriate acoustic levels • lighting, heating and ventilation which meets the required standards • adequate water supplies and drainage • playing fields of the appropriate standards <p>General health and safety duty as an employer for employees and others who may be affected (Health and Safety at Work etc. Act 1974).</p> <p>Management of the risk from asbestos in community school buildings (Control of Asbestos Regulations 2012).</p>
<p><u>Central support services</u></p> <p>No functions</p>	<p><u>Central support services</u></p> <p>Clothing grants (Sch 2, 53)</p> <p>Provision of tuition in music, or on other music-related activities (Sch 2, 54)</p> <p>Visual, creative and performing arts (Sch 2, 55)</p> <p>Outdoor education centres (but not centres mainly for the provision of organised games, swimming or athletics) (Sch 2, 56)</p>

<p><u>Premature retirement and redundancy</u></p> <p>No functions</p>	<p><u>Premature retirement and redundancy</u></p> <p>Dismissal or premature retirement when costs cannot be charged to maintained schools (Sch 2, 78)</p>
<p><u>Monitoring national curriculum assessment</u></p> <p>No functions</p>	<p><u>Monitoring national curriculum assessment</u></p> <p>Monitoring of National Curriculum assessments (Sch 2, 75)</p>
<p><u>Therapies</u></p> <p>No functions</p>	<p><u>Therapies</u></p>
	<p>This is now covered in the high needs section of the regulations and does not require Schools Forum approval.</p>
<p>Responsibilities local authorities hold for all schools (funded by the central school services block with the agreement of Schools Forums)</p>	<p>Responsibilities local authorities hold for maintained schools (funded from maintained schools' budgets only with agreement of the maintained school members of the Schools Forum)</p>
<p><u>Other ongoing duties</u></p> <p>Licences negotiated centrally by the Secretary of State for all publicly funded schools (Sch 2, 8) – this does not require schools' forum approval.</p> <p>Admissions (Sch 2, 9)</p> <p>Places in independent schools for non-SEN pupils (Sch 2, 10)</p> <p>Remission of boarding fees at maintained schools and academies (Sch 2, 11)</p> <p>Servicing of schools forums (Sch 2, 12)</p> <p>Back-pay for equal pay claims (Sch 2, 13)</p> <p>Writing to parents of year 9 pupils about schools with an atypical age of admission, such as UTCs and studio schools, within a reasonable travelling distance (Sch 2, 23).</p>	<p><u>Other ongoing duties</u></p> <p>No functions</p>
<p><u>Historic commitments</u></p> <p>Capital expenditure funded from revenue (Sch 2, 1)</p> <p>Prudential borrowing costs (Sch 2, 2(a))</p> <p>Termination of employment costs (Sch 2, 2(b))</p> <p>Contribution to combined budgets (Sch 2, 2(c))</p>	<p><u>Historic commitments</u></p> <p>No functions</p>
<p>Additional note</p>	

Services set out in the table above will also include administrative costs and overheads relating to these services (regulation 1(4)) for:

- expenditure related to functions imposed by or under Chapter 4 of Part 2 of the 1998 Act (financing of maintained schools), the administration of grants to the authority (including preparation of applications) and, where it's the authority's duty to do so, ensuring payments are made in respect of taxation, national insurance and superannuation contributions.
- expenditure on recruitment, training, continuing professional development, performance management and personnel management of staff who are funded by expenditure not met from schools' budget shares and who are paid for services.
- expenditure in relation to the investigation and resolution of complaints
- expenditure on legal services