



Haverling

L O N D O N B O R O U G H

SCHOOLS FUNDING FORUM AGENDA

8.00 am

Thursday
16 January 2025

CEME, Rainham

Members 17: Quorum: 7

MEMBERSHIP:

Representative Groups

LA Maintained School Representatives:

Head Teachers (6): Emma Allen, Special
Kirsten Cooper, Primary
Georgina Delmonte, Primary
Hayley McClenaghan, Primary
Chris Speller, Primary
David Unwin-Bailey, Primary

Governors (2): Vacancy

Academy Representatives:

Primary (2): Chris Hobson

Secondary (3) Neil Frost
Scott McGuinness
David Turrell
Vacancy x3

Special (1) Andy Smith

AP Academy (1) Tony Machin

Schools Funding Forum, 16 January 2025

**Non-School
Representatives:** **Error! No document variable supplied.**

**Early Years PVI Sector
(1)** Emma Reynolds

Post 16 Vacancy

Decision Board Vacancy

Trade Unions (2): George Blake / John McGill, Teachers
Peter Liddle, UNISON

**For information about the meeting please contact:
Hany Moussa
Hany.moussa@haverling.gov.uk**

AGENDA ITEMS

- 1 APOLOGIES FOR ABSENCE AND ANNOUNCEMENT OF SUBSTITUTE MEMBERS OR OBSERVERS**
- 2 AGENDA 250116 OPEN** (Pages 1 - 2)
- 3 TO AGREE THE NOTES OF THE MEETING HELD ON 28TH NOVEMBER 2024**
(Pages 3 - 10)
- 4 MATTERS ARISING**
- 5 ITEM 4 FORUM MEMBERSHIP** (Pages 11 - 51)
- 6 NEXT MEETINGS**

The next meetings have been arranged as follows:

13th February 2025 (room 233)

12th June 2025 (room 235)

Meetings to start at 8.00 a.m. at CEME room 233 or 235

- 7 ANY OTHER BUSINESS**

Angela Adams
Principal Governor Development Officer, HGS



HAVERING SCHOOLS FUNDING FORUM AGENDA
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8.00 am – 10.00am	16th January 2025	CEME room 233
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Members: 21 Quorum: 9

MEMBERSHIP:

LA Maintained School Representatives			
Primary		Special	
Head Teachers		Head Teacher	
Kirsten Cooper Georgina Delmonte Hayley McClenaghan Chris Speller David Unwin-Bailey		Emma Allen	
Governor representative			
<i>Vacancy</i>			
Academy Representatives			
Primary	Secondary	Special	AP Academy
Chris Hobson	Neil Frost Scott McGuiness David Turrell <i>Vacancy x 3</i>	Andy Smith	Tony Machin
Non School Representatives			
Early Years PVI Sector	Post 16	Diocesan Board	Trade Unions
Emma Reynolds	<i>Vacancy</i>	<i>Vacancy x2</i>	Teachers – George Blake or John McGill Support Staff – Peter Liddle

Please contact Katherine Heffernan katherine.heffernan@havering.gov.uk or Hany Moussa hany.moussa@havering.gov.uk to give apologies for absence or to raise queries on the agenda.

If you are unable to attend please contact your named substitute or you can request that we do so on your behalf.

AGENDA ITEMS

1. APOLOGIES FOR ABSENCE AND ANNOUNCEMENT OF SUBSTITUTE MEMBERS OR OBSERVERS

2. TO AGREE THE NOTES OF THE MEETING HELD ON 28TH NOVEMBER 2024

To agree the notes of the meeting held on 28th November 2024 as a correct and accurate record.

3. MATTERS ARISING

4. FORUM COMPOSITION

5. SCHOOLS FUNDING

6. HIGH NEEDS

7. CSSB

8. EARLY YEARS

9. NEXT MEETINGS

Future meetings have been arranged as follows:

13th February 2025 (room 233)

12th June 2025 (room 235)

Meetings to start at 8.00 a.m. at CEME room 233 or 235

10. ANY OTHER BUSINESS

MINUTES OF A MEETING OF THE HAVERING SCHOOLS FUNDING FORUM

Thursday 28th November 2024 at CEME.
(8.00 – 9.10 am)

Present:

Representative Groups

LA Maintained School Representatives:

Primary: Kirsten Cooper (Chair)
Georgina Delmonte
Hayley McClenaghan
Chris Speller
Michael Nunn

Academy Representatives:

Primary: Chris Hobson

Secondary Neil Frost
David Turrell (Vice Chair)

Special Schools Emma Allen (maintained)
Andy Smith* (Academy)

Alternative Provision Tony Machin

Non-School Representatives:

Early Years PVI Sector: Bev Nichols

Trade Unions: George Blake (Teaching staff union representative)
Peter Liddle* (Support staff union representation)

Non Members in attendance:

Angela Adams (AA)	Clerk, HGS
Marcus Bennet (MB)*	Head of SEND
Trevor Cook (TC)	Assistant Director of Education
Katherine Heffernan (KH)	Head of Finance (Business Partnering)
Lisa Jones	Principal Education Finance Officer / Observer
Hany Moussa (HM)*	Principal Education Finance Officer
Jacqueline Treacy	Senior Inspector (Schools Causing Concern)

*for part of the meeting

1. ANNOUNCEMENT OF NEW MEMBERS, APOLOGIES FOR ABSENCE AND ANNOUNCEMENT OF SUBSTITUTE MEMBERS OR OBSERVERS

All were welcomed to the meeting.

Apologies for absence had been received from Scott McGuiness, David Unwin Bailey and Emma Reynolds. It was noted that Michael Nunn was attending in place of David Unwin Bailey and Bev Nichols was attending in place of Emma Reynolds

Introductions were made and it was noted that Lisa Jones would be working in Schools Finance alongside Hany Moussa and she was observing her first meeting.

2. TO AGREE THE MINUTES OF THE MEETING HELD ON 17th OCTOBER 2024

The minutes of the meeting held on 17TH October 2024 were received and agreed.

3. MATTERS ARISING

The following were matters arising from the previous minutes that were not included elsewhere on the agenda were noted as follows:

- 3.1. Forum constitution (minute 2 refers): A review of the membership and the number of representatives from each group was ongoing. Once the number of representatives needed was confirmed then membership would be reviewed and vacancies filled.

ACTION: KH / HM

- 3.2. Union facility time (minute 6 refers): Feedback from H Moussa would be shared when available.

ACTION: HM

H Moussa joined the meeting at this point, 08.13am

- 3.3. Health and Safety de-delegation (minute 8 refers): Forum members noted that more information about the services provided for health and safety under de-delegation was awaited before this could be looked into further.

ACTION: KH / KM

- 3.4. Apprenticeship rates (minute 9 refers): TC confirmed that he had raised the forums concerns with corporate HR with regards to the apprenticeship rates and a response was awaited.

ACTION: TC

4. SCHOOLS FUNDING

Forum members were asked to

1. Note the update on DfE Funding Policy Note Guidance 2025-26
2. All school and academy members to consider the draft consultation document for the Schools and High Needs Funding 2025-26.
3. LA maintained primary school representatives to review consultation responses and vote on continuing the de-delegation of funding for the following services:
 - (i) Insurance
 - (ii) Free school meals eligibility checking
 - (iii) Maternity leave insurance
 - (iv) EAL service
 - (v) Behaviour support service

LA maintained primary and special school representatives to review consultation responses and vote on continuing the de-delegation of funding for the following services:

- (i) Statutory and regulatory duties
- (ii) Core school improvement activities

DfE funding policy note guidance 2025-26 update – November 2024

Forum members were advised that there had been no further updates from the DfE with regards to funding. However it was advised that the Teachers Pay Additional Grant, Teacher Pension Contribution Grant and the Core Schools Budget Grant have been rolled in the schools funding and the National Funding Formula factor values and baselines would reflect this. So overall there would not be a large increase in the funding received.

However the National Insurance formula change and the impact of this was expected to be funded in addition in a similar way to the pension grant and pay grant.

Forum members noted the DfE update.

A Smith and P Liddle joined the meeting at this point, 8.17am

Consultation on Schools and High Needs funding 2025-26

Funding formula rates had been discussed previously and it was noted that there were 2 top slices; one for Growth and Falling Rolls in the Schools Block, and the second was 0.5% for the High Needs Block, so the funding given to schools via the formula needs to have a cap in place.

The draft consultation put forward 2 options for consideration:

- Option A - 0.5% transfer from Schools Block to High Needs
- Option B – no pre-set transfer from the Schools Block to High Needs. Any transfer would be restricted to unallocated funds available.

It had been recommended that option A was preferable.

It was noted that there would be an uplift in the baseline for the Minimum Funding Guarantee (MFG), and the DfE have presented it differently with the 0% maximum minimum increase.

The consultation would be circulated shortly and funding forum members were asked to feedback to their clusters, so the consultation could be completed before Christmas. Following the conclusion of the consultation, the responses would be brought back to the funding forum for review and agreement.

ACTION: All forum representatives

The DfE laid out clear expectations for transfers to High Needs from the Schools Block, and this is mitigated through Education Health Care Plans (EHCP) funding to schools for the additional cost of support for SEND children.

De-delegation and education services consultation

The proposals had been shared along with the responses received, it was noted that 28 out of 40 schools responded.

It was commented that Headteachers and governors were looking at De-delegation and asking if they received a good service for the funding they paid.

Forum members noted from the consultation results that 43% of the respondents did not want to pay for the Social Emotional and Mental Health (SEMH) Team. It was questioned on whether 50% of respondents agreeing being the cut-off point for agreeing services, and whether funding should be taken. It was discussed on whether the service should consider a change to a buy in service or traded service. It was noted that the service is valued by schools, and it is needed to ensure that the pupils were supported.

It was noted that de delegation for a service had never been turned down before. There was a lack of clarity around how this would work if it is discontinued as a de-delegated service, would it be available as a paid for service, via traded services?

It was questioned if some schools got more out of the de-delegation than other schools, it could be that 43% of the respondents did not use the service and as a consequence, they could be struggling with their budget due to the additional costs they may incur at commissioning equivalent support.

There were some areas across the borough who wanted to de-delegate for the SEMH service. However due to lower levels of funding to some schools, and

those schools not using the service, there is a reluctance to agree for the de-delegation of the service. Some services were not providing the service to the schools that they needed and schools needed to be able to choose if they used a service that was not statutory.

It was noted that 1 cluster had voted to not delegate to Social Emotional and Mental Health (SEMH) Team and Core school improvement activities (SIMB). The forum would use the feedback from the clusters when making a decision but it was agreed that in future, clarity was needed as to the cut-off point and if services could be changed to a buy in service.

ACTION: HM / KH

For future consultations, it was noted that the thresholds need to be stated and if the threshold was not met, that the service could be changed to a buy in service for those schools that wanted to commission that service.

Forum members noted the consultation outcomes.

KH confirmed that the forum members were representing the schools and needed to vote on the feedback from the clusters. It was noted that not all clusters had an equal spread of maintained and academy schools.

70% was a good response to support the Forum members in making a decision.

It was further noted that support for SEMH had diminished and there had been a split vote the previous year. Questions would be asked of the Funding Forum.

It was agreed parameters needed to be set when voting and the outcomes of the consultation needed to be debated. However what the forum had not been told was, what the outcome would be if it was agreed not to de-delegate funding for the service. Would it become a traded service that they could still use and would being a traded service improve it. Forum members needed the information in order to be able to vote.

If they voted not to de-delegate, the schools could retain the funding and use it as needed at school level. It was noted that there would be an issue around capping but they were not in this position at this time, forum members were reminded it was their responsibility to vote.

In response to a question about maternity insurance and trade union facility time it was noted that these were pooled funds. It was suggested that these titles were changed to better reflect their purpose.

Eligible forum members voted on de-delegation as follows:

	Service	Result
A	Insurance	Agreed
B	Free school meals eligibility checking	Agreed
C	Maternity Leave insurance	Agreed
D	EAL Service	Agreed
E	Social Emotional and Mental Health (SEMH) Team	1 agreed 5 disagreed
F	Trade Union Facility Time	Agreed
G	Statutory and Regulatory Duties (Maintained Schools))	Agreed
H	Core school improvement activities (SIMB)	3 agreed 3 disagreed

A further impact breakdown was needed for SEMH team and SIMB. The de-delegation consultation would be completed and then the outcomes used to inform the decision at funding forum.

TC undertook to clarify the SEMH offer at the next meeting in January.

ACTION: TC

4. HIGH NEEDS

Funding forum members were asked to

- (i) note the DfE Policy Note update
- (ii) note the projected financial year 2025-26 allocations
- (iii) note the High Needs Task and Finish Group meeting to discuss present next financial year funding levels and arrangements

DfE funding policy note guidance 2025-26 update – November 2024

The floor was noted as 7% and ceiling as 10% for high needs funding, the increase would be within that range, but the final details would be confirmed when the information was provided by the DfE.

This had been discussed by the Task and Finish group but the challenge was not to go over the budget which would be presented to the Cabinet in January for agreement.

M Bennet joined the meeting at this point, 8.49am

As much as possible the increase in funding would be passed on in the form of top ups. The DfE's High needs allocation is expected to provide additional funding to meet the national insurance costs and there would be an enhanced formula for special needs, however this did not take into account the support staff and special schools. The national insurance increase was estimated to be 52p an hour for support staff.

In response to a question it was noted that it was not known if this funding would come in the form of a separate grant, Schools finance could only model until further information was received from the DfE.

Early years were also impacted and this should be modelled into the early years uplift. Early years would benefit from the increase.

Currently schools received CSBG but next year there would be a separate grant for national insurance reimbursement. How national insurance increase would be funded, either as part of the block or as a grant was still to be confirmed.

The local authority was currently in a deficit position of £15.3m for the Dedicated Schools Grant (DSG) at the end of the financial year 2023-24, and it was anticipated that this would increase to £35.1m by the end of the financial year 2024-25. For the following year, it is anticipated to increase to £60m, i.e. deficit doubling every year.

A draft report was in the process of being drawn up to present to cabinet and if the report. Once cabinet have received the report, the recommendation to agree the in-year funding is expected to be agreed, but the report needed to get through the initial stages of the process before being formally adopted.

The number of children with high needs was not taken into account when calculating funding but an increase in population had been taken into account, 2% had been allowed for this. However the growth in expenditure was increasing by more than the increase in funding.

Next year the picture may be slightly better if the DfE fully compensated for the national insurance increase. At this time there were more questions than answers.

A forum member questioned how the increasing deficit from £35m to £60m would be resolved, especially as not providing the support the pupils needed was not an option. In response it was noted that this was the situation everywhere. There are more LAs in the DfE's Safety Valve programme and Havering would be getting close to this too. 38 local authorities were in the safety valve with a total deficit of £896m, with 107 or two thirds of local authorities in deficit, to a combined value of almost £2bn nationally.

700-800 EHCPs were in place. It was noted that schools usually requested EHCPs, and often when requests for EHCPs came directly from parents, they were rejected. The number of EHCPs for children under the age of 5 were also increasing, however the new banding system would make it easier to support the pupils with targeted support. The number of children with EHCPs increasing was impacting on the increasing deficit that the LA is facing. It was commented that the current system for SEND was broken and change needs to take place to address the issues that children and the LA is encountering to support them.

Funding forum members noted

- **The DfE Policy Note update**
- **The projected financial year 2025-26 allocations**
- **The High Needs Task and Finish Group meeting to discuss present and next financial year funding levels and arrangements**

5. ANY OTHER BUSINESS

Sickness risk fund – Forum members noted that there was a small amount of money in this fund and only half of the schools have subscribed in this current financial year to the fund. It needed to be ensured that this fund was not overspent. Some schools paid in and used it, other schools paid in but didn't access the fund and a number of schools were not aware of its existence. This would be looked into further as the SLA did not match the operation of the fund. The fund was a mutual fund, maintained to support schools.

It was requested that information was circulated with regards to this fund to those participating maintained schools, and the LA operating this on behalf of the schools and there was a risk attached. It was questioned how applicable forum members wished to proceed with this fund. It was agreed that schools needed to have confidence in money going out and coming in. It was agreed to share the information with regards to this fund and further discussions would follow.

ACTION: HM

It would be questioned if it was worth paying into, as there was a pooling risk if there were over 20 schools paying in and if there was a high level of sickness absence, which led to an increase in demand.

6. NEXT MEETINGS

Forum members noted the dates of the upcoming meetings for the next academic year.

Thursday 16th January 2025 (room 233)
Thursday 13th February 2025 (room 233)
Thursday 12th June 2025 (room 235)

Meetings to start at 8.00 a.m. at CEME room 233 or 235.

7. ANY OTHER BUSINESS

There were no further items of any other business raised.

Meeting closed at 9:10 am



Schools Funding Forum 16th January 2025

ITEM 4

Subject Heading:

School Forum membership

Report Author:

**Hany Moussa – Principal Education
Finance Officer**

Eligibility to vote:

All members

SUMMARY

This report provides an update on the School Forum composition.

RECOMMENDATIONS

That the Schools Funding Forum:

- (i) Reviews the proposal to increase the primary phase academy membership from one representative to two representatives
- (ii) Notes the LA engagement with the Diocesan Board and Post 16 provision, with Forum to be updated on the progress at the next meeting

REPORT DETAIL

1. School Forum composition

Following the Autumn School 2024 Census being validated and now confirmed, the pupil numbers was used to review the composition of the School Forum.

The table below demonstrates that following the census update that the primary academy representation may need to increase to reflect the additional pupil numbers, with other sector unaffected.

School representatives based on October 2024 Census and current representative

	Proposal			Current
	Head Teachers	Governors	Total	Total
Primary Maintained	5	1	6	6
Primary Academies	2		2	1
Secondary Maintained	0	0	0	0
Secondary Academies	6		6	6
Special Maintained	1		1	1
Special Academy	1		1	1
AP Academy	1		1	1
Total	17		17	16

October 2024 census

	Pupils
Primary Maintained	17,437
Primary Academies	6,503
Secondary Maintained	0
Secondary Academies	15,966
Special Maintained	158
Special Academy	243
AP Academy	31
Total	39,906

Apportionment of pupils per representative

	Pupils	Representatives	Pupils per rep
Primary Maintained	17,437	6	2,906
Primary Academies	6,503	2	3,252
Secondary Maintained	0	0	0
Secondary Academies	15,966	6	2,661
Special Maintained	158	1	158
Special Academy	243	1	243
AP Academy	31	1	31
Total	40,338	17	2,373

Apportionment between primary and secondary

	Pupils	Representatives	Pupils per rep	Ratio
Primary	23,940	8	2,993	1
Secondary	15,966	6	2,661	0.89
Total	39,906	14	2,850	

Apportionment between LA Maintained and Academy

	Pupils	Representatives	Pupils per rep	Ratio
Maintained	17,437	6	2,906	1
Academy	22,469	8	2,809	0.97
Total	39,906	14	2,850	

2. School Forum nomination – Diocesan and Post-16

The LA is in the process or has approached the Diocese of Chelmsford (Church of England), the Diocese of Brentwood (Catholic), and New City College (post-16 providers) to inquire whether they would like to nominate a representative to fill the School Forum vacancy for their respective categories.



Consultation on Schools and High Needs Funding 2025-26

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Introduction

This consultation document proposes options for the allocation of funding to mainstream schools for the financial year 2025-26 through the local funding formula and in support of pupils with high needs.

Schools are asked to consider the funding option outlined and respond to the Local Authority (LA) for further consideration by the Schools Funding Forum.

Our consultation has not been released in line with last year's timetable because of an unprecedented delay in central government confirmation of the arrangements, rates and allocations. The DfE have now released the final allocations for 2025-26, and we are able to provide figures based on the final October 2024 Census, with the National Funding Formula (NFF) rates that will apply in the 2025-26 funding formula.

We are consulting using the final dataset (October 2024 Census) and final NFF rates for the forthcoming financial year.

Process

A summary of responses to the consultation will be reported to the meeting of the Schools Funding Forum on 16th January 2025, and will form part of the final decisions taken by the School Funding Forum members and the Local Authority in January, before schools are issued with their funding for the 2025-26 financial year.

Responding to the Consultation

The consultation paper and online link is sent to the Head Teachers of all schools and academies. Please bring this to the attention of Chairs of Governors, Chairs of Resources, Board Members and Trustees as appropriate.

You can contribute your views to the consultation in the online link provided in the body of the email.

If you require clarification on any point please email:

Education Finance at: education.finance@havering.gov.uk

Closing date of consultation: Tuesday 7th January 2025

Schools Funding 2025-26

Background to the funding options for 2025-26

This year, we are consulting schools on a single issue, whether to continue with funding schools using the NFF funding rates and for the continuation of the recently revised local Growth and Falling Rolls Fund.

Schools Funding Forum members voted and agreed with the transfer of funding from the Schools Block to the High Needs Block of the Dedicated Schools Grant.

A transfer to the High Needs Block means reducing the funding distributed through the schools funding formula and using the funding made available to support pupils with SEN. Local Authorities, with the agreement of their Schools' Funding Forum, are permitted to transfer up to 0.5% of the Schools Block funding to High Needs funding. Based on indicative figures for 2025-26 this would equal £1.291m.

The option for the consideration for 2025-26 funding is presented in this consultation:

- 0.85% cap and continuation of the Growth Fund

Further details of this option, and of the impact on schools' formula funding are outlined in this document and on the attached appendices.

Supporting increased numbers of pupils with high needs, and the growing complexity of needs, is placing an undue burden on school budgets. There is a risk that financial considerations may begin to jeopardise inclusivity and that schools with a large number of pupils with high needs find it increasingly difficult to reach a balanced budget.

To help address this the funding consultation for 2024-25 included the option of transferring 0.5% (£1.155m) of the Schools Block to the High Needs Block so that this could be allocated to schools in support of pupils with high needs.

The Schools Funding Forum established a Task and Finish Group, comprised of head teachers and staff from the local authority, to examine High Needs funding for schools. This looked at how the £1.155m transfer from Schools Block, plus an additional £2.125m received following the formula update, with population growth the key driver of this change, might be allocated.

At the conclusion of the funding consultation for 2024-25, 72% of respondents favoured the transfer of funds to High Needs. Details of the increases in High Needs funding that resulted from this are shown below in [Section 3.3.1](#).

Having used the 0.5% (£1.155m) transferred from the School Block to establish High Needs funding rates for 2024-25, it is necessary to transfer 0.5% again in 2025-26 to ensure that the rates can be maintained. The Task and Finish Group was re-established in the Summer term, and have met and discussed the funding for 2024-25, and will consider how high needs funding for schools in 2025-26 is distributed.

1 Dedicated Schools Grant (DSG)

The Government announced in the Autumn 2021 Spending Review that the total core school budget (including funding for mainstream schools and high needs) was to increase to £56.8 billion by 2024-25, a £7 billion cash increase compared with 2021-22. 2024-25 was the third and final year of the three year funding settlement.

In addition to the Autumn 2021 budget, an additional £1.5 billion in 2023-24 and £1.3 billion in 2024-25, was included in the total core schools budget to total over £59.6 billion in 2024-25. These were from additional grants that have since been rolled into the Schools Block and High Needs Block allocations.

Due to the general election that took place in July and the change of government, the much anticipated release of the funding levels for education was announced in the Autumn 2024 Budget Statement, with a total core school funding of £63.9 billion in 2025-26, which is £2.3 billion more than 2024-25. The total includes funding through the Schools NFF, High Needs funding, CSSB and Pupil Premium Grants.

Following previous years' principles, the Government has rolled in the Teachers' Pay Additional Grant (TPAG), the Teachers' Pension Employer Contribution Grant (TPECG) 2024 and the Core Schools Budget Grant (CSBG). The CSBG has been annualised and an uplift has been applied to reflect the financial year equivalent of this additional grant. Appropriate adjustments have been made to the NFF factor values and baselines to reflect this.

2 Havering's Schools Block funding 2025-26

On 6th November 2024, the Department for Education (DfE) issued the "**Summary policy note for schools and high needs national funding formula 2025 to 2026**" with indicative National Funding Formula (NFF) rates and principles for 2025-26 to local authorities.

Local authority allocations are based on primary and secondary units of funding (PUFs and SUFs). The indicative allocations released by the DfE are calculated using October 2023 data and will be updated in December for October 2024 pupil numbers.

	Actual primary unit of funding (PUF) £	Actual secondary unit of funding (SUF) £	Primary pupil numbers	Secondary pupil numbers	Pupil Funding £	Additional Grants £	Rates (NNDR) £	Total Funding £
2025-26 (Oct 2023 census data)	5,580	7,564	23,964	15,691	252,393,194	0	2,710,054	255,103,248
2024-25	5,171	6,981	23,964	15,691	233,444,021	13,599,956	2,106,176	249,150,153
Change	409	583	0	0	18,949,174	-13,599,956	603,878	5,953,096

2.1 Final DSG Allocations – DSG Schools Block

The LA was in the process of releasing the consultation document based on the principles outlined above, however the DfE has released the final allocations.

The consultation will reflect the final allocations for 2025-26 via the DSG Schools Block APT formula, and schools are able to review the year on year change, earlier than in previous years.

Please note that final allocations will not be affected by the delay that has occurred by the DfE, and the timetabled dates of release from the LA for allocations presently remain unaffected.

The final local authority allocation released by the DfE, calculated using October 2024 data is as per the table below:

	Actual primary unit of funding (PUF) £	Actual secondary unit of funding (SUF) £	Primary pupil numbers	Secondary pupil numbers	Pupil Funding £	Additional Grants £	Rates (NDR) £	Total Funding £
2025-26 (Oct 2024 census data)	5,580	7,564	23,938	15,945	254,175,879	0	2,710,054	256,885,933
2024-25	5,171	6,981	23,964	15,691	233,444,021	13,599,956	2,106,176	249,150,153
Change	409	583	-26	254	20,731,858	-13,599,956	603,878	7,735,780

As a result of the update, an additional £7.7m is available in the DSG Schools Block, in comparison to the previous year's DSG and Additional Grants allocations.

2.2 The National Funding Formula

Havering took the decision to adopt the National Funding Formula (NFF) factors and values in 2018-19 when they were introduced. The Schools Funding Forum has agreed that when the rates are finalised by the DfE, that they should again be used in the calculation of schools' funding allocations for 2025-26.

The indicative NFF funding rates have been increased to reflect the rolling in of the TPAG, TPECG and CSBG and as part of the Government's national increase in funding for schools. In addition, for most core factors (the basic per pupil funding factor, additional needs factors and the school lump sum) the increase is 0.5%.

A slight decrease in the value of the Area Cost Adjustment (ACA) has been applied to funding for Havering, which means that factor values have increased by slightly less than the percentages quoted above. The ACA is an uplift to reflect geographical variation in labour market costs, similar to London weighting.

The change in the factor rates for 2024-25 and 2025-26 are shown in [Appendix A](#).

Having adopted NFF factors and values, decisions still need to be made each year on whether funding should be transferred from the Schools Block to the High Needs Block of the Dedicated Schools Grant (DSG) and whether to supplement the funding received from the DfE for the Growth and Falling Rolls Fund. Decisions also need to be made on the level of the minimum funding guarantee (MFG) and any gains cap to be applied. The Schools Funding Forum members agreed for the transfer to support High Needs and Growth and Falling Rolls Fund at the meetings held in the Autumn 2024 term.

Following a consultation held in summer 2021 the DfE began the move from a 'soft' NFF to a 'direct' NFF with transitional arrangements in place since financial year 2023-24. The resultant transitional arrangements remain unchanged for 2025-26, with LAs still required to use only NFF factors in local formulas and to move 10% closer to NFF factor values. These have no impact for Havering schools as NFF factors and values have already been adopted in full since 2018-19.

As the move to a 'direct' NFF continues in future years, it is likely that there will be changes that impact on Havering schools, for example, there is likely to be less local flexibility in determining the formulas used to allocate funding for Growth and Falling Rolls.

2.3 Minimum per-pupil Funding Levels for primary and secondary schools (MPPL)

In allocating funding to schools, Local Authorities need to ensure that minimum per-pupil funding levels are met. For 2024-25 these are £4,955 for primary schools and £6,465 for secondary schools. This includes funding for the rolling in of the TPAG, TPECG, CSBG and additional allocation to support schools.

In 2024-25 the MPPL levels were £4,610 for primary schools and £5,995 for secondary schools. One primary and no secondary schools received funding at the MPPL level. From provisional modelling, using October 2023 census data, again one primary and no secondary schools would be funded at MPPL levels in financial year 2025-26. This is subject to change once the final dataset for the October 2024 Census is received.

2.4 The Minimum Funding Guarantee (MFG)

The Minimum Funding Guarantee (MFG) ensures that schools per pupil funding rises by a minimum percentage from the previous year. For 2025-26 local authorities can apply an MFG of between -0.5% and 0.0%. This means that where the per pupil funding for a school has risen by less than the MFG rate, the increase will be topped up to the level of the MFG.

As an example an MFG set at 0.0% would work as follows:

School's per pupil funding in 2024-25	£4,800
Formula funding for 2025-26	£4,600 (a fall from 2024-25)
School to be funded at 2024-25 + 0.0%	£4,800

For 2024-25 the MFG was set at 0.5%. In the 2025-26 funding consultation, we are proposing an MFG of 0.0%, the maximum permitted level prescribed by the DfE, as the funding released by reducing the MFG to -0.5% would adversely affect schools. Although the DfE have set the limit to be 0.0% for 2025-26, within the MFG for each

school, the overall per pupil funding has increased due to the annualised CSBG grant and a 0.5% uplift.

2.5 Gains cap

Local Authorities are able to adopt a gains cap if there is insufficient funding left in the Schools Block to meet formula allocations, MFG requirements and any transfers to High Needs and the fund for growth and falling rolls.

As an example a gains cap set at 2.4% would work as follows:

School's per pupil funding in 2024-25	£4,800
Formula funding for 2025-26	£4,944 (a rise of 3.0%)
School to be funded at 2024-25 + 2.4%	£4,915

For 2024-25 a gains cap of 2.50% was applied to enable the transfer of 0.5% of the Schools Block to High Needs.

After reviewing the final dataset and the funding commitments for 2025-26, we are proposing a gains cap of 0.85%, which is the maximum affordable cap that can be put in place, after the transfer to High Needs and Growth and Falling Rolls Fund.

2.6 Pupil Growth and Falling Rolls Funding

As outlined above, the phased move to a direct NFF is likely to impact on the funding received by schools for growth and Rolls in coming years.

As part of the updated funding arrangements since 2024-25, the Falling Rolls Fund supports schools where school capacity survey (SCAP) data shows that school places will be required in the subsequent three to five years. The restriction applied in previous years, that schools must be judged Good or Outstanding at their last Ofsted inspection to be eligible for funding, was removed.

The local arrangements for supporting schools as part of the Growth fund remain affected for 2025-26.

The allocation for Growth funding is distributed based on the actual growth that LAs experience for each year, which is following the NFF principles of funding on a lagged funding basis (funding in a given year based on pupil numbers from the year before).

The calculation is based on the difference between the primary and secondary number on roll in each postcode locality (Middle Layer Super Output Area) between the most recent October pupil census, and the census in the previous October. For financial year 2025-26 allocation this will be the October 2024 and October 2023 Census respectively with the per pupil rate for Havering (including ACA) for primary is £1,700.86 and for secondary is £2,545.87 for the seven months period that the growth spans during the financial year (September to March).

Havering's Growth and Falling Rolls funds support school expansions, bulge classes and those schools with falling rolls meeting the new revised requirements. The allocations for existing bulge classes, previous year expansions moving through year groups and for falling rolls, were set out for the Schools Funding Forum. A budget of approximately £1.723m is required to continue funding on the current basis, a reduction

of £600k from financial year 2024-25. This is due to previously expanded schools and unfilled schools having the pupils on roll as at October 2024 in the classes that were previously affected.

The Schools Funding Forum agreed the revised arrangements for the Growth and Falling Rolls at the October 2024 meeting, and agreed that pupil growth and falling rolls funding for schools needs to be protected at current levels whilst this is still permitted by NFF regulations.

Following the DfE final allocations for Growth and Falling Rolls being published for financial year 2025-26 and Havering receiving £1.294m, an additional £429k of the Schools Block funding. The funding consultation for 2025-26 includes this transfer, to ensure that stability is provided to those affected schools where pupil number changes may adversely impair the schools to deliver good quality teaching and support to children.

3 Havering’s High Needs Block funding 2025-26

Indicative funding for 2025-26 is as shown in the table below with comparable data from 2024-25. The DfE formula for allocating High Needs Funding to local authorities uses twelve different factors and adjustments. The Pupil Population Projection factor for 2 - 18 year olds and the Historic Spend factor (based on 50% of 2017-18 actual LA High Needs spend) distribute the largest proportion of funding.

For comparative purposes, the pupil population factor is shown below.

	Aged 2 – 18 Pupil Population Projection	Provisional High needs NFF allocations £	Total High Needs allocations (provisional) £
2024-25	57,838	42,953,843	42,953,843
2025-26	58,178	47,420,700	47,420,700
Difference	340	4,466,857	4,466,857

Although funding for 2025-26 is projected to increase by £4.466m (10.3%), costs are expected to rise by considerably more than this due to rising costs (including salary increases), an increase in the number of pupils with high needs and the complexity of need. The High Needs Block is expected to overspend by £19.9m in the current financial year. With a £15.3m deficit brought forward, this will bring the cumulative deficit to £35.2m.

3.1 Final DSG Allocations – DSG High Needs Block

As outlined in section 2.1, the LA was in the process of releasing the consultation document based on the principles outlined above, however the DfE has released the final allocations.

The final local authority allocation released by the DfE is as per the table below, compared to the financial year 2024-25 final allocations released in December 2023:

	Aged 2 – 18 Pupil Population Projection	Total high needs elements in the funding floor and gains calculation (£s)	Basic entitlement factor (area cost adjusted) unit of funding	Import/export adjustment	Additional Funding for Special Free Schools	Hospital education, alternative provision teachers pay/pension and supplementary funding factor	Total High Needs allocations (provisional)
		£	£	£	£	£	£
2024-25	57,838	42,433,630	2,187,437	-1,830,000	24,000	143,851	42,958,919
2025-26	58,178	46,515,995	2,344,419	-1,818,000	408,217	151,379	47,602,010
Difference	340	4,082,365	156,982	12,000	384,217	7,528	4,643,091

3.2 Dedicated Schools Grant (DSG) deficit

In financial year 2022-23, an overspend of £8.6m in the High Needs Block was offset by £0.1m underspends in other areas of the DSG resulting in a deficit carried forward into financial year 2023-24 of £8.5m.

This is the fifth consecutive year that the DSG as a whole has ended the year with a deficit, DSG underspends in other areas being insufficient to cover the overspend in the High Needs Block.

Previous years' transfers from the Schools Block to the High Needs Block and uncommitted underspends in areas other than high needs have assisted in keeping the overspend lower than it would otherwise have been. The LA will continue to keep all areas of DSG spending under review to identify potential savings to meet the forecast overspend in the High Needs block.

At the end of September 2024, the projected in-year deficit in High Needs was estimated at £19.9m, a reduction of £1.2m on the original projection at the start of the year. This gives rise to an estimated cumulative deficit at the end of financial year 2024-25 of £35.2m.

3.2 DSG Management Plan and Delivering Better Value (DBV) Programme

Any LA that has an overall deficit on its DSG account at the end of the 2023-24 financial year, or whose DSG surplus has substantially reduced during the year, is required to complete the Dedicated School Grant Management Plan or to have an equivalent framework.

The DfE has introduced two programmes to support LAs that have DSG deficits. These are the Safety Valve Intervention programme and the Delivering Better Value in SEND (DBV) programme.

The Safety Valve Intervention programme targets support and financial resources to the LAs with the highest DSG deficits with the aim of producing a sustainable long-term position.

Following the inception of the Safety Valve programme, the DfE setup the DBV Programme in financial year 2022-23. The programme supports LAs with lower, but still significant deficits. The DfE prioritised the programme based on the size of the LAs DSG deficit, and Havering was in the second tranche of Local Authorities involved in the programme.

Havering worked with Newtons, consultants commissioned by the DfE to administer the programme. Under the DBV programme LAs are able to bid for up to £1m grant, covering two years, to support projects which aspire to deliver significant improvements to services for children and young people with SEND, alongside significant financial benefits over the next 5 years. Havering was successful in a bid for the full £1m available. This grant cannot be used to reduce the deficit in the DSG.

Havering has seen the second highest national increase in child numbers between 2011 and 2021. This has led to pressures across Children's Services including SEND. Increased numbers of Education Health Care Plans are being requested and awarded with more cases requiring a higher level of support. In line with other LAs Havering is also seeing a continued increase in cost of out of borough provision. In addition, the number of pupils migrating into the borough requiring additional support exceeds those leaving the borough.

Havering's focus historically has been to support as many children as possible in mainstream settings, whilst placing children with greater needs in local Additional Resources Provisions (ARPs), Special Units and Special Schools. However, demand for ARP, Special Unit and Special School places has outstripped demand in recent years. The problem has been exacerbated by delays in building works to create new places.

The mitigations identified during the DBV programme include seeking to build parental confidence in mainstream provision through better engagement, communication and co-production. Whilst Havering has high levels of children with an EHCP in mainstream schools, there are some schools with significantly fewer children with an EHCP than others.

Havering has been developing greater capacity in our mainstream schools by developing an inclusion peer review process and harnessing the expertise in our most inclusive schools. The LA has also sought to further strengthen our existing training and support offer, engaging parents and practitioners in co-production. This has resulted in an increase in the number of Special Units and places to support those children with additional needs who require support in specialist units.

3.3 Transfer of Schools Block Funding to High Needs

In 2024-25, following consultation with schools, Havering transferred £1.155m (0.5%) from the Schools Block to the High Needs Block. For 2025-26 LAs are again able to transfer up to 0.5% of the Schools Block to other DSG blocks. The consultation includes the transfer of 0.5% of the Schools Block to the High Needs Block for £1.291m.

3.3.1 High Needs funding rates for schools 2024-25

Following the transfer of £1.155m from the Schools Block to High Needs and the receipt of an additional £2.125m as part of the year on year increase in the High Needs block, the LA increased a number of the high needs funding rates for schools in 2024-25. The increased rates are expected to deliver additional high needs funding for schools in the current financial year.

A High Needs Task and Finish group, made up head teachers and LA staff, was established by the Schools Funding Forum in autumn 2023 to review funding rates and to recommend a package of changes utilising the 0.5% Schools Block transfer and the additional High Needs allocation. The Schools Funding Forum approved the changes recommended and these have been implemented. They are:

- (i) An increase in the hourly rate in support of EHCPs for children in Years R to 11 from £16.50 to £17.00.
- (ii) Funding for EHCPs to be paid to schools after the first 9.0 hours of support rather than after the first 9.3 hours.
- (iii) An increase in the pupil top-up funding for ARPs and Special Units of £334, from £11,860 to £12,184.
- (iv) An increase in the special school matrix funding levels of £334 on all bands.
- (v) An increase in the pupil top-up funding for Olive AP of £395, from £13,888 to £14,283.
- (vi) An increase in the pupil top-up funding for the Bridge AP of £275, from £9,152 to £9,427.
- (vii) An increase in the hourly rate in support of EHCP/Complex Needs in nursery years so that total funding for a nursery child (after base rate and inclusion funding) was £17.00 matching the EHCP funding rate for a Year R to 11 pupil.

In addition to the above changes agreed as part of the start of the financial year 2024-25 arrangements, the High Needs Task and Finish Group was re-established in the Summer term to consider additional in-year support for academic year 2024-25.

The proposals were discussed and agreed by Schools Funding Forum. Due to the LA's DSG balance being in deficit, this is presently undergoing the process of ratification that will involve the Cabinet. The proposals for consideration by Cabinet will be:

- (i) An increase in the hourly rate in support of EHCPs for children in Years R to 11 from £17.00 to £19.00.
- (ii) Funding for EHCPs to be paid to schools after the first 9.0 hours of support rather than after the first 8.1 hours.
- (iii) Academic year 2024-25 only – funding for those EHCPs that have been agreed to assess from week 20, to support schools whilst the SEND Service were undergoing a restructure and recruitment for roles

- (iv) New banding arrangements to be put in place for funding for EHCP top-ups, with an implementation date of academic year 2025-26, with a phased roll-out prior to inception.
- (v) An increase in the pupil top-up funding for Special Units of £7,816, from £12,184 to £20,000, to give rise to an overall £30,000 per place (basic entitlement, £6000, and top-up) at a Special Unit.

3.4 High needs funding 2025-26 – Task and Finish Group

Without the transfer of £1.155m from the Schools Block to High Needs it would not have been possible to increase high needs funding rates for 2024-25 to the levels shown above, and also for the in-year proposals to be agreed and considered to support schools for the SEND placements.

Having used the 0.5% (£1.155m) transferred from the School Block to establish High Needs Funding rates for 2024-25, it will be necessary to transfer 0.5% again in 2025-26 to ensure that the funding remains unchanged and sustainable.

As outlined above, the High Needs Task and Finish Group, set up last year, has been re-established. The Group will discuss options for the following areas:

- (i) Funding rates for EHCP supported hours and banding top-ups implementation.
- (ii) High needs inclusion supplement (headroom) formula review.
- (iii) Specialist Unit and Resource Provision (ARP) funding
- (iv) AP Funding
- (v) Special School Funding

The Task and Finish Group will be considering the arrangements and distribution of the funding for 2025-26, with the transfer of the 0.5% from the Schools Block to the High Needs Block. Following the final allocations being released, the above proposals will be discussed and the LA will support the enactment of the additional funding in the areas to be discussed for 2025-26.

4 Funding Formula 2025-26 and Funding Options

The Schools Funding Forum feel that the issue of High Needs funding remains a priority and transferring 0.5% from the Schools Block to the High Needs block to support schools with ever increasing demand for support to continue into 2025-26.

Participants in this consultation are asked to express a preference for the proposal for financial year 2025-26. Details of this is shown below. The impact on individual schools is shown anonymously in [Appendix B](#).

Option: 0.85% cap and continuation of the Growth Fund

- High Needs funding rates for 2024-25 retained as the base rate for 2025-26. The High Needs Task and Finish Group will examine the priorities listed in [Section 3.4](#), and the funding rates for these, against the background of the maximum permitted transfer to the High Needs Block.
- Minimum Funding Guarantee set at 0.0% (maximum permitted)
- A gains cap of 0.85% (final)
- £429,196 moved to the Pupil Growth and Falling Rolls Fund

Following 0.5% of the School Block transfer to the High Needs Block, it is necessary to set the gains cap at 0.85%. This allows for an MFG at 0.0% and for the allocation of the additional £429k required to maintain funding for Growth and Falling Rolls at the current level.

The transfer of 0.5% was included in the calculation of High Needs funding rates for funding rates for 2024-25, and the transfer that has been agreed is required for 2025-26, to retain the base rates at the current level and for consideration of any increase to those rates.

The table below shows the figures.

	£
Total formula funding allocated - 0.0% MFG and 0.85% Cap	255,165,839
DfE Growth and Falling Rolls Allocation	1,293,804
Transfer to Pupil Growth/Falling Rolls Fund	429,196
Transfer to High Needs (0.5%)	1,290,899
Total funding required	258,179,738
Total funding available	258,179,738
Funding remaining	Nil

The number of schools receiving formula funding, MPPL and MFG protection is shown in the table below, together with the cost of the MFG protection and savings from the cap.

No of schools on MPPL		No. of schools on MFG at 0.0%		No. of schools to receive between 0.0% and 0.85%		No of schools capped at 0.85%		Cost of MFG / MFL £000s	Saving from cap £000s
Prim.	Sec.	Prim.	Sec.	Prim.	Sec	Prim.	Sec.		
1	0	9	1	16	6	33	11	328	1,916

5 Conclusion

We hope that this paper and the accompanying appendices explain the funding options that form the basis of this consultation, and the rationale behind these options.

As explained above, these are the final allocations using the October 2024 and the proposal ensures that every school has had an increase in the per pupil amount via the MFG unit being at 0.0%, which equates to approximately a 7-8% year on year increase via the main formula, in comparison to the funding levels from financial year 2024-25.

Appendix A – Havering NFF Final Rates 2025-26

Area Cost Adjustment 2025-26 **1.08335**

Factor	Primary					Secondary					
	2024-25		2025-26 projected		% change	2024-25		2025-26 projected		% change	
	NFF £	LBH £	NFF £	LBH £	LBH	NFF £	LBH £	NFF £	LBH £	LBH	
Basic per pupil	3,562.00	3,858.89	3,847.00	4,167.65	8.00	KS3	5,022.79	5,441.44	5,422.00	5,873.92	7.95
<i>excl other grants (below)</i>	3,443.00	3,729.97	3,634.00	3,936.90	5.55	KS4	5,661.89	6,133.81	6,113.00	6,622.52	7.97
Free School Meals	490.00	530.84	495.00	536.26	1.02	KS3	4,854.77	5,259.41	5,122.00	5,548.92	5.50
Free School Meals Ever 6	820.00	888.35	1,060.00	1,148.35	29.27	KS4	5,471.86	5,927.94	5,774.00	6,255.26	5.52
<i>excl MSAG</i>	716.00	775.68	820.00	765.30	1.36		1,048.16	1,135.52	1,200.18	1,300.22	14.50
IDACI A	680.00	736.67	685.00	742.09	0.74		945.15	1,023.93	950.00	1,029.18	0.51
IDACI B	515.00	557.92	520.00	563.34	0.97		740.11	801.80	745.00	807.10	0.66
IDACI C	485.00	525.43	490.00	530.84	1.03		690.11	747.63	695.00	752.93	0.71
IDACI D	445.00	482.09	445.00	482.09	0.00		630.10	682.62	635.00	687.93	0.78
IDACI E	285.00	308.75	285.00	308.75	0.00		450.07	487.58	450.00	487.51	-0.01
IDACI F	235.00	254.59	235.00	254.59	0.00		340.06	368.40	340.00	368.34	-0.02

Low Prior Attainment	1,170.00	1,267.52	1,175.00	1,272.94	0.43	1,775.28	1,923.25	1,785.00	1,933.78	0.55
EAL	590.00	639.18	595.00	644.59	0.85	1,585.25	1,717.38	1,595.00	1,727.94	0.62
Mobility	960.00	1,040.02	965.00	1,045.43	0.52	1,380.22	1,495.26	1,385.00	1,500.44	0.35
Lump sum	134,400.00	145,602.24	145,100.00	157,194.09	7.96	134,421.09	145,625.09	145,100.00	157,194.09	7.94
<i>excl MSAG</i>	<i>129,890.00</i>	<i>140,716.33</i>	<i>134,400.00</i>	<i>145,602.24</i>	<i>3.47</i>	<i>129,910.38</i>	<i>140,738.41</i>	<i>134,400.00</i>	<i>145,602.24</i>	<i>3.46</i>
Minimum per pupil funding level (MPPL)	4,610.00	4,610.00	4,955.00	4,955.00	7.48	5,995.00	5,995.00	6,465.00	6,465.00	7.84
<i>excl MSAG</i>	<i>4,467.00</i>	<i>4,467.00</i>	<i>4,610.00</i>	<i>4,610.00</i>	<i>3.20</i>	<i>5,809.00</i>	<i>5,809.00</i>	<i>6,145.00</i>	<i>6,145.00</i>	<i>5.78</i>
Minimum Funding Guarantee	0.0% - 0.5%	0.5%	-0.5% - 0.0%	0.0%		0.0% - 0.5%	0.5%	-0.5% - 0.0%	0.0%	
Gains cap	n/a	2.5%	tba	t.b.c.		n/a	2.5%	tba	t.b.c.	

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Sums consolidated into NFF funding rates

	2024-25	2025-26			2025-26 - Policy Note update	
	MSAG	TPAG	TPECG	CSBG	CSBG uplift	Additional Increase
Basic per pupil - Primary	£119.00	£62.00	£75.00	£76.00	£51.00	£21.00
Basic per pupil - KS3	£168.00	£86.00	£106.00	£108.00	£71.00	£29.00
Basic per pupil - KS4	£190.00	£98.00	£119.00	£122.00	£80.00	£33.00
Primary FSM6	£104.00	£53.00	£65.00	£70.00	£45.00	£7.00
Secondary FSM6	£152.00	£77.00	£100.00	£100.00	£68.00	£10.00
Lump sum	£4,510.00	£2,306.00	£2,800.00	£2,900.00	£1,915.00	£779.00

Adjustment to MPPL - average per pupil gain

	MSAG
Primary	£143.00
KS3	£186.00
KS4	£208.00

All grants	CSBG uplift	Additional Increase
£213.00	£62.00	£70.00
£320.00	£83.00	£67.00



Subject Heading:

Schools Funding 2025-26

Report Author:

**Hany Moussa – Principal Education
Finance Officer**

Eligibility to vote:

All school and academy members

SUMMARY

This report provides details of the Consultation on Schools and High Needs Funding 2025-26, which closed on Tuesday 7th January 2025, and the responses received.

RECOMMENDATIONS

That the Schools Funding Forum:

- (i) considers the responses to the Consultation on Schools and High Needs Funding 2025-26 submitted by schools and academies
- (ii) Havering adopts the national funding formula rates for the funding of schools and academies in financial year 2025-26 with a minimum funding guarantee of 0.00% per pupil and a gains cap of 0.85% per pupil
- (iii) £1,290,899 (0.50%) of the DSG Schools Block is transferred to the DSG High Needs Block
- (iv) £429,196 of the DSG Schools Block is used to support Pupil Growth and Falling rolls in addition to the £1,293,804 funding received for this

REPORT DETAIL

1. DfE Funding Background

Due to the general election that took place in July and the change of government, the much anticipated release of the funding levels for education was announced in the Autumn 2024 Budget Statement, with a total core school funding of £63.9 billion in 2025-26, which is £2.3 billion more than 2024-25. The total includes funding through the Schools NFF, High Needs funding, CSSB and Pupil Premium Grants.

Following previous years' principles, the Government has rolled in the Teachers' Pay Additional Grant (TPAG), the Teachers' Pension Employer Contribution Grant (TPECG) 2024 and the Core Schools Budget Grant (CSBG). The CSBG has been annualised and an uplift has been applied to reflect the financial year equivalent of this additional grant. Appropriate adjustments have been made to the NFF factor values and baselines to reflect this.

The DfE published the guidance on 8th November 2024 of "**Summary policy note for schools and high needs national funding formula 2025 to 2026**", which outlined the updates for 2025-26.

2. DfE Final Allocations 2025-26

On 18th December 2024 the DfE issued the final DSG Schools Block allocation to local authorities and the data from the October 2024 census for LAs to use in calculating their final proposals for funding schools.

There has been an increase in pupil numbers between October 2023 and October 2024 resulting in an increase in the LA's allocation of DSG Schools Block for 2025-26 as follows:

Funding for 2025-26 through the DSG Schools Block:

Financial year	Pupil Numbers	Schools Block allocation excluding Growth Fund and premises factors £	Allocation through premises factors £	Additional Grant * £	Total allocation (excluding Growth Fund) £	Allocation per pupil £
2025-26	39,883.0	254,175,880	2,710,054	-	256,885,934	6,441
2024-25	39,655.0	233,444,021	2,106,176	13,599,956	249,150,153	6,283
Difference 2024-25 to 2025-26	228.0	20,731,859	603,878	-13,599,956	7,735,781	158
	0.57%				3.10%	2.51%

* Teachers' Pay Additional Grant (TPAG), the Teachers' Pension Employer Contribution Grant (TPECG) and the Core Schools Budget Grant (CSBG) 2024-25 consolidated into Schools Block allocation for 2025-26

The table below shows how the final funding figure is calculated. The DfE calculated funding using NFF factors for 2025-26 but with October 2023 data. The total calculated for primary and secondary schools was then divided by the number of pupils in each sector at October 2023. This produced a primary unit of funding (PUF) and a secondary unit of funding (SUF). The final funding figure released in December is calculated by multiplying the PUF and SUF by the number of pupils on roll in each sector at the October 2024 census.

Financial year	Actual primary unit of funding (PUF) £	Actual secondary unit of funding (SUF) £	Primary pupil numbers	Secondary pupil numbers	Pupil Funding £	Premises Factor £	Additional Grants *	Total Funding (excluding pupil growth) £
2025-26	5,580	7,564	23,938	15,945	254,175,880	2,710,054	-	256,885,934
2024-25	5,171	6,981	23,964	15,691	233,444,021	2,106,176	13,599,956	249,150,153
Difference 2024-25 to 2025-26	409	583	-26	254	20,731,859	603,878	-13,599,956	7,735,781
								3.10%

* Teachers' Pay Additional Grant (TPAG), the Teachers' Pension Employer Contribution Grant (TPECG) and the Core Schools Budget Grant (CSBG) 2024-25 consolidated into Schools Block allocation for 2025-26

Havering's total allocation for 2025-26, excluding funding for growth, has increased by £7.74m (3.1%) compared to 2024-25. The increase in pupil numbers of 228 accounts for £1.78m (0.71%) of this.

The total Schools Block funding including funding for pupil growth is as follows:

Financial year	Pupil Funding £	Premises Factors £	Pupil Growth £	Total £
2025-26	254,175,880	2,710,054	1,293,804	258,179,738

The pupil growth funding allocation for 2025-26 of £1,293,804 is £771,970 lower than figure for 2024-25.

Financial year	Funding £
2025-26	1,293,804
2024-25	2,065,774
Difference 2024-25 to 2025-26	-771,970

The funding received for growth is used to meet both the cost of growth and the cost of support for falling rolls. The LA estimated that £429k would need to be transferred from the School Block in order to maintain the existing and future commitments for the Growth and Falling Roll Funds. This was agreed by the Schools Funding Forum at previous meetings and used in the consultation with schools.

Using the October 2024 pupil numbers, the LA estimates that £1.723m is required to maintain funding for growth and falling rolls at previous levels. With the decrease in funding from the DfE to £1.294m, £429k will need to be transferred from the Schools Block.

3. Consultation on Schools and High Needs Funding 2025-26

This year has been particularly challenging due to the unprecedented delays in the Department for Education's (DfE) funding announcements, stemming from the general election and subsequent change in government. These delays significantly impacted the processes we typically undertake in the autumn.

Over the two months, we have prepared multiple drafts of this consultation, with a version that was presented to Schools Forum at the last meeting held on 28th November 2024.

Following the presentation of the draft version presented at Schools Forum, the DfE published updates that required us to review and amend the document to ensure it reflects the latest information. This occurred again and the version that was issued reflected the final operational guidance and allocations for 2025-26.

The consultation is part of the annual requirement for Local Authorities to gather feedback on the formula, and it was issued on Thursday 19th December 2024 and closed on Tuesday 7th January 2025.

The consultation was simplified, to encourage stakeholder engagement, and using the principles of previous years, and the key proposal included:

- Continuing with the transfer to High Needs,
- Supporting Growth and Falling Rolls, and
- Aligning the formula with National Funding Formula (NFF) rates, using a cap to ensure affordability of all commitments.

The consultation document is in **Appendix 5A**.

4. Consultation Responses

Following the conclusion of the consultation, there were 17 responses received from stakeholders for the following proposal:

- Do you agree for the LA to continue with the application of the NFF rates, 0.85% formula cap, 0.5% transfer to High Needs and £429k to support the Growth and Falling Rolls Fund?

The responses are as follows:

Response	No. of responses	%
Agree	17	100%
Disagree	0	0.0%

The breakdown of respondents is as follows, with one Trust that is composed of six schools (three primary and three secondary schools) submitting a response on behalf of the remaining five schools that did not directly submit a response.

Response	No of schools / academies
Primary	10
Secondary	6
Trust*	1

There was one comment received and we appreciate feedback from stakeholders. This feedback from the Headteacher at a school, with a dedicated SEND unit, acknowledged the increase in the hourly EHCP funding rate from £17 to £19 as a positive step. However, they highlighted that the actual cost of provision, including on-costs and management, significantly exceeds this rate, ranging between £22–£25 per hour, with additional demands on staff and resources. The school emphasised that addressing funding shortfalls and disincentives is crucial to meaningfully supporting students facing the greatest barriers to education, and also that consideration to transfer above the 0.5% current threshold to High Needs in future.

The feedback is as follows:

"The funding forum recognising the demands and increasing from £17ph to £19ph is a positive percentage change however the actual cost (including on costs) per hour of a TA is £22-25 per hour. Costs related to central services and management of support staff adds an additional 20+% in reality. Economies of scale do not exist with increases above average percentages due to the impact on teachers' workload, curriculum adaptations/alternatives required and greater demands on pastoral and senior management time and space as a result of the provision required in addition to meetings.

Notwithstanding the impact of having larger proportions of students with EHCPs on A8 and P8 scores the reality is that funding at £19ph is still a disincentive.

The separation of growth funding from HNB funding and agreeing a figure significantly higher than 0.5% would indicate that there is support for appropriate funding even where curriculum offers are not as flexible

We should indicate that there is an intention across the local authority to support those who experience the greatest barriers to education in a meaningful way by demonstrating that we wish to address the disincentive."

5. Funding Proposal for 2025-26

Upon review of the consultation responses and the engagement in previous School Forum meetings, the LA is proposing the following arrangements for the financial year 2025-26:

- (i) Havering adopts the national funding formula rates for the funding of schools and academies in financial year 2025-26 with a minimum funding guarantee of 0.00% per pupil and a gains cap of 0.85% per pupil
- (ii) £1,290,899 (0.50%) of the DSG Schools Block is transferred to the DSG High Needs Block
- (iii) £429,196 of the DSG Schools Block is used to support Pupil Growth and Falling rolls in addition to the £1,293,804 funding received for this

High Needs Forecast 2024-25	Summary December 2024	Uplift change	Summary September 2024	Sep-24 to Dec-24 change	Notes
	£000		£000		
Funding allocation before recoupment	45,209	0	45,209	0	
Available funding after recoupment	39,914	0	39,914	0	
Deficit c/wd from previous year	-15,322	0	-15,322	0	
Transfer from Schools Block	1,188	0	1,188	0	
Total funding for the financial year	25,780	0	25,780	0	
	Estimated Expenditure £000	Estimated Expenditure £000	Estimated Expenditure £000	Estimated Expenditure £000	
Having Special Schools	15,198	0	15,198	0	
Direct Expenditure	141	0	141	0	
Expenditure on therapies	318	0	318	0	
Direct Payments	430	0	430	0	
Out of Borough Maintained Special Schools	2,340	0	2,000	340	
Revised In-Borough Primary Top-up	15,186	1,502	15,153	33	
Out of Borough Mainstream Primary	445	0	458	-13	
Expenditure on alternative tuition	89	0	156	-67	
In year EHC Plans	135	0	270	-135	
Total Primary High Needs funding	15,855	1,502	16,037	-182	
Revised In-Borough Secondary Top-up	6,844	677	7,184	-340	
Out of Borough Mainstream Secondary	259	0	235	24	
Expenditure on alternative tuition	289	0	141	148	
In year EHC Plans	70	0	141	-71	
Total Secondary High Needs funding	7,462	677	7,701	-239	
Schools with high nos. of pupils with SEN	598	0	598	0	
Additionally Resourced Provision	4,453	431	4,303	150	
In-Borough Post-16 Top-up	1,284	0	1,284	0	
In-Borough Post-19 Top-up	452	0	387	65	
Out of Borough Post-16	1,043	0	1,043	0	
Expenditure on Post-16 Tuition	112	0	112	0	
Internships	182	0	182	0	
Total Post-16	3,073	-	3,008	65	
Non-Maintained & Independent Special Schools Pre-16	5,120	0	4,186	934	Identified costs and placements as at end of Dec-24, 5 new placements and new academic year increase in placements fees for existing placements
Non-Maintained & Independent Special Schools Post-16	1,061	0	943	118	
Early Years EHCPs	565	0	565	0	
Alternative Provision	3,150	0	3,150	0	
Central support teams	2,350	0	2,350	0	
Total	62,114	2,610	60,928	1,186	
Total funding available	25,780	0	25,780	0	
Forecast overspend	-36,334	-2,610	-35,148	-1,186	

Subject Heading:

High Needs Funding

Report Author:

**Hany Moussa – Principal Education
Finance Officer**

Eligibility to vote:

Information only

SUMMARY

This report provides details of the 2025-26 National Funding Formula allocation for High Needs following the DfE's announcement on 18th December 2024. An updated forecast of the projected 2024-25 High Needs outturn is provided. Also, the progress from the High Needs Task and Finish group.

RECOMMENDATIONS

That the Schools Funding Forum:

- (i) notes the DfE Final Allocation for financial year 2025-26
- (ii) notes the High Needs Task and Finish Group meeting to discuss present and next financial year funding levels and arrangements
- (iii) notes the year forecast of expenditure for financial year 2024-25

REPORT DETAIL

1. DfE's High Needs Funding Update for 2025-2026

The DfE has released details of the High Needs National Funding Formula (NFF) for the financial year 2025-2026 on 18th December 2024.

1.1 Overview

For 2025-2026, the high needs budget will see an almost £1 billion increase, bringing the total allocation to £11.9 billion. This represents a 9% increase compared to the baseline established for 2024-2025. The funding boost is part of a larger £2.3 billion increase in overall school funding. £11.3 billion is initially distributed through the NFF to provide indicative allocations for local authorities, with £145 million set aside for later NFF adjustments and allocations outside the NFF, and a further £480 million is for the core schools budget grant (CSBG).

1.2 NFF Final Allocations for 2025-2026

The NFF will distribute £11.3 billion of the total high needs budget for 2025-2026. While the overall structure of the formula remains consistent with previous years. However the government has indicated that it's long-term goal is to review the present arrangements, and will strive to create an effective system of education funding that aligns with SEND reforms.

The historic spend factor, which reflects past spending levels of local authorities, will remain fixed at its 2024-2025 cash value. For 2025-2026, this accounts for 25% of local authorities' total allocations, a reduction from the 27% used in the previous year's formula. This adjustment reflects the government's gradual shift away from reliance on historic spending patterns.

To ensure a minimum level of funding for each local authority, the formula includes a funding floor guaranteeing at least a 7% per head increase for the 2-18-year-old population. Conversely, gains under the formula are capped at 10% per head, preventing disproportionate increases. Both these mechanisms exclude certain formula factors, consistent with previous years, to ensure equitable distribution.

Via the final NFF formula, Havering is projected to increase it's per pupil level for High Needs by 8.91%.

Financial Year	Funding baseline per head	Change	% increase
23-24	£668.05		
24-25	£734.17	£66.12	9.90%
25-26 indicative (based on Policy Note)	£802.34	£68.16	9.28%
25-26 final	£799.55	£65.38	8.91%

The additional funding for financial year 2025-26 is £4.2m, which is a small increase from the projected indicative amount, £3.8m, presented at the previous Forum meeting.

Financial Year	High Needs Funding	Change	% increase
24-25*	£43,369,770		
25-26 indicative	£47,216,116	£3,846,346	8.87%
25-26 final	£47,602,010	£4,232,240	9.76%

*24-25 comparator includes TPAG, TPECG and CSBG.

Although this additional funding is welcomed, Havering is still the lowest per head funded LA in London, and 118th nationally (up one from 119th in 2024-25) in financial 2025-26, and with the 7% guaranteed for every LA in 2025-26, the gap between Havering and other LAs has widen.

2. High Needs Task and Finish group

A task and finish group was re-established in Summer 2024 to examine high needs funding for schools for the present and future financial years, to review the current arrangements for a long term sustainable model of support for those children with additional needs in attendance in educational provisions across the borough.

The group are due to meet after the Forum meeting has concluded.

3. Financial Year 2024-25 Projected High Needs Outturn position

Appendix A shows the funding available for High Needs related expenditure in 2024-25 and the current forecast of expenditure across the range of provision within Havering.

The forecast for year end 2024-25 has been updated based on the current academic year (2024-25) cohort and with an update on the estimate on the number and level of support funded through EHC plans. The forecast includes the prospective cost of the uplift that is being presented to Cabinet, contributing to £2.61m of the deficit pressure in 2024-25.

Since the previous period 6 reporting, the deficit has increased by £1.1m, which is due to an increase in the placements in out of borough provisions. This is directly due other non-education services commissioning places out of borough for other support, whereby the LA has an obligation to provide suitable education and meeting the cost of the education element of the placement.

Projection

Expenditure

£m	
62.1	High Needs estimated expenditure 24-25
<u>62.1</u>	

Income

£m	
-39.9	High Needs funding allocation 24-25
-1.2	transfer from schools block
<u>-41.1</u>	

Balances

21.0	projected in-year deficit 24-25
6.8	deficit brought forward from 23-24
8.5	deficit brought forward from 22-23
<u>36.3</u>	projected deficit carried forward to 25-26

Further details on the projected spend is shown at **Appendix 6A**.

In financial year 2023-24, the overspend of £7.6m was offset by £0.76m of underspends in other areas of the Dedicated Schools Budget (DSG). There remains a deficit carried forward into financial year 2024-25 of £19.8m.

This is the fifth year that the combined total of all year end balances of activities funded by the DSG has been in deficit. This is due to DSG underspends in other areas being insufficient to cover the overspend in the High Needs Block.

Any LA that has an overall deficit on its DSG account at the end of the 2023-24 financial year, or whose DSG surplus has substantially reduced during the year, is required to complete the Dedicated School Grant Management Plan or to have an equivalent framework.

The LA will continue to keep all areas of DSG spending under review to identify potential savings to meet the forecast overspend in the High Needs block.

Subject Heading:

**Central Schools Services Block (CSSB)
2025-26**

Report Author:

**Hany Moussa – Principal Education
Finance Officer**

Eligibility to vote:

All school and academy members

SUMMARY

This report is to inform the Schools Funding Forum of the final allocation received for the Dedicated Schools Block Central Schools Services Grant.

RECOMMENDATIONS

That the Schools Funding Forum:

- (i) notes the final allocation of CSSB for 2025-26
- (ii) considers the revised funding retention for central statutory services

REPORT DETAIL

1. Background

As part of the introduction of a Schools and High Needs National Funding Formula in 2018-19 the DfE also introduced a fourth funding block, the CSSB, which brought together funding for services previously funded through the Schools Block

and through an Education Services Grant. The initial locally projected allocation for 2025-26, which was presented in the 17th October 2024 meeting is shown below.

2. Initial Projected CSSB allocation 2025-26

Indicative funding for 2025-26 through the DSG Central Service Block was delayed, and in line with DfE advice, the LA had to estimate the projected CSSB allocations for 2025-26, in order to ensure that the budget setting timetable is not adversely affected.

An uplift of 2.0% to the per pupil rate for the CSSB was applied for the initial proposal, however it was noted that salary costs for statutory responsibilities will increase in cost in excess of 5.0%.

The table presented based on the local projected allocation, with comparable data from 2024-25 is as follows:

	Ongoing responsibilities			Historical commitments	Total CSSB
	Pupil nos.	Per pupil £	£	£	£
2025-26 projected	39,645.0	42.50	1,684,912	75,365	1,760,277
2024-25 final	39,645.0	41.67	1,652,383	94,206	1,746,589
Difference	0	0.83	32,529	-18,841	13,688

3. Final Allocations 2025-26

Funding for 2025-26 through the DSG CSSB is as follows:

Year	Ongoing responsibilities			Historical commitments	Total CSSB
	Pupil nos.	Per pupil £	£	£	£
2025-26 final	39,883.0	46.05	1,836,612	94,206	1,911,978
2025-26 projected	39,654.0	42.50	1,684,912	75,365	1,760,277
2024-25	39,654.0	41.67	1,652,383	94,206	1,746,589
Difference 2024-25 to 2025-26	229.0	4.38	184,229	-23,551	165,389
Difference 2025-26 indicative to 2025-26	299	3.55	151,700	0	151,701

The services that the LA can fund from the CSSB are set out in the Operational Guidance on DSG allocations issued by the DfE. The Schools Funding Forum gave approval to the use of the ongoing responsibilities and historical commitments funding, based on the indicative allocations, at the meeting held on 17th October 2024. Details are shown below of the original indicative proposal and the final proposal for consideration by Forum members.

Ongoing responsibilities	Projected 2025-26*	Proposed Final 2025-26*	Change
Copyright licences	234,082	280,000	45,918
Admissions	566,853	597,418	30,565
Schools Forum	46,575	49,087	2,512
LA responsibilities to all schools	776,239	818,607	42,368
Pension funding	61,163	91,500	30,337
Unallocated	0	0	0
Total	1,684,912	1,836,612	151,700

Historical commitments	Projected 2025-26	Proposed Final 2025-26	Change £
Schools Partnerships/Schools Causing Concern	75,365	75,365	0

Total	1,760,277	1,911,978	151,700
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The copyright licence fees for local authorities are normally announced alongside the schools funding settlement in December. This has been delayed by the DfE as negotiations are still ongoing with some of the copyright management organisations for new agreements and will stretch into the new year. This means the DfE will announce the applicable charges for the copyright licence at a later date.

Therefore, the LA is proposing that the additional funding that was received to be allocated as per the table above, to cover the salary costs of the support that is increasing by more than 7%.

The services that LAs can fund from the CSSB are set out in the extract from the Operational Guidance. The ESFA Operational Guidance requires Schools Forum approval for the central retention of this funding.

Ongoing responsibility element

The copyright licence costs tend to increase each year but LAs are not notified of the increase until later in the year. An estimated sum of £280,000 has been included.

Historic Commitments element

Continuing the financial year arrangements for this element of the grant, the LA is proposing that for 2025-26 that this continues to be used for items that are accessible to a large number of schools. This includes the coaching bursary, Havering Academy of Leadership and support commissioned on behalf of all schools.

Schools Funding Forum approval is requested for this use of the CSSB.

The ESFA Operational Guidance requires Schools Forum approval for the central retention of this funding, as shown at section 3 below.



Subject Heading:

Early Years Funding 2025-26

Report Author:

Hany Moussa – Principal Finance Officer

Eligibility to vote:

Information only

SUMMARY

This report summarises the announcement of indicative DSG Early Years Block funding for financial year 2025-26 and outlines the process for the Local Authority to determine early years funding rates for the next financial year.

RECOMMENDATIONS

The Schools Funding Forum:

- (i) notes the indicative funding allocations for 2025-26
- (ii) notes the process and timeline for determining funding rates for 2025-26

REPORT DETAIL

1 Funding arrangements for 2024-25

The funding rates for 2024-25 for providers in Havering were originally agreed in February 2024.

Funding rates for 2024-25 are as follows:

Funding Factor	Funded age of the child	2024-25 Funding Rate
Factor 1 Base rate	9 months to two year olds (Under twos)	£11.05 per hour
	Two year olds – working parents	£8.05 per hour
	Two year olds – disadvantaged families (includes an in-built deprivation rate)	£8.59 per hour
	Three and four year olds Universal 15 hours funding Extended 30 hours funding	£5.56 per hour
Factor 2 Deprivation Funding rate	Three and four year olds	IDACI A - £0.78 per hour IDACI B - £0.59 per hour IDACI C - £0.55 per hour IDACI D - £0.51 per hour IDACI E - £0.33 per hour IDACI F - £0.27 per hour
Factor 3 Early Years Pupil Premium (EYPP)	9+ month, two, three and four year olds	£0.68 per hour
Factor 4 Disability Access Funding (DAF)	9+ month, two, three and four year olds	£910 per annum
Factor 5 SENIF – Complex Needs / EHCP	9 months to two year olds (Under twos)	£6.95 per hour*
	Two year olds – working parents	£8.95 per hour*
	Two year olds – disadvantaged families	£8.41 per hour*
	Three and four year olds	£11.44 per hour*

* This is the sum required to bring the total hourly funding for a child to £17.00. This is the current hourly rate paid in support of an EHCP for a pupil in Years R -11.

2 Indicative Early Years Block allocation 2025-26

As part of the expansion of funding childcare, announced in the Spring 2023 Budget, under two year olds and two year olds, of working parents, will be funded up to 15 hours at different points from financial year 2024-25.

This funding forms part of the roll-out of the expansion programme, where central government's objective is to provide 30 hours of funded entitlement for children from 9 months to 4 years old of eligible working parents.

The funding rates for Havering for 2024-25 are as follows:

Age	2024-25 total rate £	2025-26 total rate £	Change £	Change %
Under 2 year olds	12.11	12.45	0.34	2.81

Age	2024-25 total rate £	2025-26 total rate £	Change £	Change %
2 year olds	8.90	9.17	0.27	3.03

Age	2024-25 EYNFF* rate £	2023-24 EYSG** rate £	2022-23 TPPG*** rate £	2023-24 TPPG*** rate £	2024-25 TPPG** * rate £	2024-25 total rate £	2025-26 total rate £	Change £	Change %
3/4 year olds	5.76	0.19	0.07	0.07	0.07	6.16	6.40	0.24	3.90

* EYNFF – Early Years National Funding Formula

** EYSG – Early Years Supplementary Grant

*** TPPG – Teachers’ Pay and Pension Grants

The 2024-25 total funding rate for 3&4 year olds is £6.16. This incorporates the Early Years Supplementary Grant of 19p and the grants for teachers’ pay and pensions from 2022-23 to 2024-25, which was previously paid separately in each of the applicable years to maintained schools with nurseries, totalling 21p. The funding rate for 2025-26, which incorporates the previous grants is £6.40, a rise of 24p (3.9%).

Indicative allocations for 2025-26 have been calculated by applying the 2025-26 hourly funding rates to January 2024 data.

2.1 The table below shows a comparison between the indicative figures for 2025-26 and the indicative figures for 2024-25 released in December of each of the respective years that the final DSG allocations have been released.

Category	2025-26	2024-25	Change in numbers	Change £	Change %
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Hourly rate for 3 and 4 year olds from early years national funding formula (£ / hr)	6.40	6.16	-	0.24	3.90%
Number for 3 and 4 year old universal entitlement funding (part-time equivalent)	4,166.20	4,096.42	69.78	-	1.70%
Indicative funding allocation for universal entitlement (15 hours) for 3 and 4 year olds (£s)	15,198,298	14,383,350	-	814,948	5.67%

Hourly rate for 3 and 4 year olds from early years national funding formula (£ / hr)	6.40	6.16	-	0.24	3.90%
Number for 3 and 4 year old additional 15 hours entitlement for	1,934.19	1,832.76	101.43	-	5.53%

eligible working parents (part-time equivalent)					
Indicative funding allocation for additional 15 hours entitlement for eligible working parents of 3 and 4 year olds (£s)	7,055,853	6,435,187	-	620,666	9.64%

Hourly rate for 2 year old entitlement (£ / hr)	9.17	8.90	-	0.27	3.03%
Number for 2 year old disadvantaged entitlement funding (part-time equivalent)	480.57	505.14	-24.57	-	-4.86%
Indicative funding allocation for 2 year old disadvantaged entitlement (15 hours) (£s)	2,511,892	2,562,576	-	-50,684	-1.98%

Hourly rate for 2 year old entitlement (£ / hr)	9.17	8.90	-	0.27	3.03%
Estimated number for 2 year old entitlement for working parents (part-time equivalent)	1,740.66	1,119.28	621.38	-	55.52%
Indicative funding allocation for 2 year old working parent entitlement (15 hours – Apr-25 to Aug-25 / 30 hours – Sep-25 to Mar-26) (£s)	9,098,256	5,678,108	-	3,420,148	60.23%

Hourly rate for under 2s entitlement (£ / hr)	12.45	12.11	-	0.34	2.81%
Estimated number for under 2s entitlement (part-time equivalent)	1,896.00	567.09	1,328.91	-	234.34%
Indicative funding allocation for under 2s entitlement (15 hours) (£s)	13,454,965	3,914,453	-	9,540,512	243.73%

Sub-total Early Years Block (£s) – Entitlements	47,319,264	32,973,674	-	14,345,590	43.51%
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Indicative funding allocation for early years pupil premium for 3 and 4 year olds (£s)	202,060	128,602	-	73,458	57.12%
Indicative funding allocation for early years pupil premium for 2 year olds (£s)	89,262.00	71,160.00	-	18,102	25.44%
Indicative funding allocation for early years pupil premium for under 2s (£s)	8,032.00	3,559.00	-	4,473	125.68%
Funding allocation for disability access fund for 3 and 4 year olds (£s)	145,390	138,320	-	7,070	5.11%
Funding allocation for disability access fund for 2 year olds (£s)	44,086.00	39,130.00	-	4,956	12.67%
Funding allocation for disability access fund for under 2s (£s)	11,256.00	15,470.00	-	-4,214	-27.24%

Sub-total Early Years Block (£s) – Early Years Pupil Premium and DAF	500,086	396,241	-	103,845	26.21%
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Total early years block (£s)	47,819,350	33,369,915	-	14,449,435	43.30%
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The indicative figures for 2025-26 include the funding added into the hourly rate to replace the teachers' pay and pension grants.

The indicative allocations for the **existing entitlements** for 2025-26 will be updated as follows:

- July 2025 - updated based on January 2025 census numbers
- July 2026 - updated based on five-twelfths of the January 2025 census numbers (to cover the period April 2025 to August 2025 period), and seven-twelfths of the January 2026 census numbers (to cover September 2025 to March 2026)

The indicative allocations for the **new entitlements** for 2025-26 will be updated on the basis of actual take-up for each term, collected through 2 additional headcounts. Every local authority will have to provide the DfE with these additional headcounts for 2025 summer and 2025 autumn terms. This is in addition to the yearly spring census (January 2026) that LAs provide as part of the current arrangements.

Further information about the termly collections will be released by the DfE. Provisional dates that the DfE have advised that the headcounts will occur are as follows:

- June 2025
- November 2025

3 Determining funding rates for providers 2025-26

For 2025 to 2026, the pass-through rate requirement has increased from 95% to 96%, and will apply separately to each individual entitlement for:

- 9 months old, up to 2-year-olds of working parents (under two year olds)
- 2 year old children of working parents
- 2 year-old children from disadvantaged families
- 3 and 4 year olds (universal and additional hours)

For 3 and 4 year olds, there is no change to current arrangements, and the pass-through requirement will apply to the universal and additional hours in combination.

Whereas, for 2 year olds and under two year olds, the requirement will apply to each of the entitlements individually.

If a local authority intends on having a single funding formula for both of the 2 year old entitlement funding streams (children of working parents and children from disadvantaged families), the pass through will have to be calculated separately for each of these. The DfE have set these arrangements to prevent cross-subsidisation between the working parent formula and the disadvantaged formula.

The Local Authority is planning to meet with the Early Years Provider Reference Group (EYPRG) to discuss funding for 2025-26 and to agree the content of the consultation with providers.

The outcome of the consultation will be shared with EYPRG and the resulting proposals brought to the meeting of the Schools Funding Forum on 13th February 2025 for approval.

4 Teachers Pay and Pension Grants (TPPG)

In the financial year 2025-26, the DfE have made funding adjustments to incorporate the September 2024 teachers' pay award into the hourly funding rates for 3 and 4 year olds. This aligns with previous practices, such as funding for teachers' pay and pensions in 2024-25 and consolidating the Teachers' Pay Grant (TPG) and Teachers' Pension Employer Contribution Grant (TPECG) into the entitlement rates in earlier years.

Historically, these grants were separate to address the increased costs from a 2018 pay rise and 2019 pension rate increase in schools. By 2023-24, these funds were integrated into Early Years funding, raising the hourly rate by 7p to support the associated costs. The 2023 and 2024 STRB recommendations of a 6.5% and 5.5% pay award, led to additional grant funding rolled into the 2024-25 and 2025-26 funding rates to mitigate the impacts of the pay increase and employer pension contribution adjustments.

Following the grants being absorbed into the Early Years rate, mainstream schools with nurseries, which previously received these separate grants, were eligible for the new supplement of Quality, that helped address the additional costs they faced.

The Early Years Funding Operational Guide 2025 to 2026 released by the DfE states the following:

'We encourage local authorities to consider using the quality supplement to distribute the additional funding they receive in 2025 to 2026 in respect of teachers' pay, though we acknowledge the varied approaches that local authorities have adopted to date in distributing this funding locally.'

'As with all other supplements, it is for local authorities to determine the appropriate metric for allocating funding, so long as their approach is in line with the principles set out above.'

'We continue to encourage local authorities to consider the purpose for which this funding has been provided when designing their approach to local distribution. They could continue to target the funding to take account of additional pressures that some providers might face in relation to their teaching staff.'

In the three and four year old indicative allocations for 2025-26, the additional hourly rate of funding received as a result of the rolling in of the pay and pension grants is 21p. The equivalent amount for 2024-25 was 14p.