



Schools Funding Forum 16th January 2025

ITEM 5

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