

<b>Date:</b> 12 December 2024	<b>Item</b> 7	<b>Type of report:</b> Noting
<b>Report title:</b>	<b>2025-26 Funding Updates</b>	
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## **PURPOSE OF THE REPORT**

1. This report sets out updates regarding funding which will impact the 2025-26 financial year.

## **RECOMMENDED ACTION FOR SCHOOLS FORUM**

That the Schools Forum

2. Note the report, and changes to the national funding formula for next year.

## **KEY ISSUES FOR CONSIDERATION**

### **Funding Updates for 2025-26**

3. In the recent Autumn budget, the chancellor announced that there would be an additional £2.3bn of funding for education.
4. Included within that figure, not additional, is £1bn of additional funding for SEND. Subsequently the DfE have advised local authorities to anticipate an additional 7-10% in 2025-26 High Needs allocations subject to potential capping for large gains. Southwark have already been anticipating growth of 3% to the grant, so there is some additional funding expected. As discussed in the DSG Monitoring paper on this agenda, this will largely support existing pressures within High Needs.
5. An additional £2.1bn is to be invested in capital funding for school maintenance and improvements.
6. We do not yet know how these allocations will be made, or what allocation Southwark will receive. The final Dedicated Schools Grant (DSG) allocations for Southwark are anticipated to be released shortly after this December Forum, in the week commencing the 16<sup>th</sup> December, so that work can begin setting school budgets and funding rates for 2025-26.

## **National Funding Formula Updates**

7. The DfE have released some provisional National Funding Formula data for the 2025-26 year which will be indicative of the level of change that schools will see in their Schools Budget Share for 2025-26. For 2025-26 the Teacher Pay and Pension Grants along with the Core Schools Budget Grant will be rolled into the Dedicated Schools Grant and therefore the Schools Budget Share. The increase on top of this is expected to be in the region of 0.5%.
8. Funding for special schools and alternative provision through the Teachers Pay and Pension grants will be consolidated into a single additional grant for 2025-26.
9. The range within which LA's can set the Minimum Funding Guarantee is falling to -0.5% to 0%. This means that schools protected by the MFG will at best see their per pupil funding levels frozen.
10. The DfE anticipate that a separate grant will be issued to cover increased National Insurance contribution costs.

## **Early Years Budget Grant**

11. New details on the EYBG for 2024-25 have been released. This grant will provide some additional funding related to the costs of the Teacher Pay increase from September 24 to early years providers.
12. We intend on distributing this funding as a top-up to the existing teachers pay and pension supplement in the early years formula. An additional amount is provided for maintained nursery schools which will be used to top-up their supplementary funding formula.
13. Implementing the funding in this way means the methodology will be consistent how the funding will be distributed next year once it is rolled into the DSG.

## **High Needs Top-Up Review**

14. The last comprehensive banding review undertaken in Southwark was back in 2017-18, with final full implementation completed by the 2021/22 academic year.
15. A banding review is being undertaken to ensure the top-up bands used by Southwark are led by the needs of the children, that they provide appropriate and evidence based level of funding to schools to meet need and that it implements a fair and transparent system that works across all age groups from Early Years up to post-16.
16. The review will also look to balance sufficient support to schools (in the form of both top-up and outreach work) with responsible and sustainable budget management for the High Needs block.

17. The review is in the very earliest stages, with conversations with the High Needs sub group, as well as more widely with Special, Primary and Secondary Headteachers. Officers will seek to meet with all relevant stakeholders and form a task and finish group to support and inform the development of the new system. As part of this process, financial analysis will be undertaken to understand the impact on schools and settings as well as the impact on the High Needs grant, including how these changes impact the sustainability of the block into future years.
18. The review is not being undertaken with the intention of generating savings, but rather to ensure the funding is proportionate and fair, and the system for allocation is transparent. Any changes as a result of this review will also need to consider the sustainability of the High Needs block.
19. It is intended that the review will return an initial report to Forum in 2025, with a view to being ready for implementation from during financial year 2026-27.

## **CONCLUSION**

20. Schools Forum is asked to note the updates provided in the report.