**Updated BSO Note on Mainstream Formula Funding 2025/26 (November 2024)**

* Please continue to regularly check publications on [Bradford Schools Online](https://bso.bradford.gov.uk/content/latest-news-and-updates-from-school-funding-team).

2025/26 Funding

* The Chancellor announced on 30 October an increase of £2.3bn in the national core schools budget in 2025/26.
  + £1bn will be allocated to support SEND and Alternative Provision. This includes the continuation of the Core Schools Budget Grant (CSBG) on a full year basis for special schools and AP Academies / PRUs. The remainder of the £1bn (about 60% of this) will be allocated to local authorities via the High Needs Block of the Dedicated Schools Grant (authorities will receive 7% - 10% increases in funding per pupil).
  + £1.3bn will be allocated to support the wider schools budget, including mainstream primary and secondary school and academy formula funding. This includes the continuation of the CSBG on a full year basis for mainstream primary and secondary schools and academies. It is estimated that, roughly, full year CSBG allocations will increase by 1.65 on 2024/25 September 2024 to March 2025 7/12ths allocations (i.e. maintained schools should take their 2024/25 7/12ths allocations, multiply by 1.65 and then adjust for changes in pupil numbers, in order to come up with a reasonable estimate at this time of their 2025/26 full year CSBG funding).
* The Chancellor announced an increase in employer’s National Insurance contributions from 1 April 2025 (2 parts to this increase – 1.2% increase and a reduction in the threshold from £9,100 to £5,000). Schools and academies will have to pay this in relation to all their staff (direct impact) and also are likely to have to meet indirect additional costs e.g. as a result of suppliers increasing fees and charges. The Secretary of State for Education has stated that funding, additional to the £2.3bn, will be allocated to schools to support the cost of the NI increase and that this likely will come in the form of an additional separate grant in 2025/26 to mainstream and special schools. More information on this is expected before the end of the year. We do not have any more information at this time.
* We know that the CSBG will be merged into formula funding in 2025/26, as will the Teacher Pay Additional Grant and the Teacher Pensions Additional Grant. This means that mainstream schools and academies must stop budgeting separately for these 3 grants in 2025/26. For special schools and AP, these 3 grants will continue to be allocated separately from, and in addition to, place and top-up funding, but in 2025/26 will be merged into a single grant stream rather than continuing as 3 separate streams.
* The Chancellor did not say anything about early years funding or other main recurrent grant funding for 2025/26. For early years, we would expect increases in funding rates, including to support the impact of the increase in National Insurance contributions and the increase in the National Living Wage, which are both likely to have substantial impact on provider costs next year. We expect information about the early years funding settlement to be announced by the DfE in late November or early December, with our consultation beginning as soon as possible in the new year. There is a small separate early years element of the CSBG this year, which has not yet been allocated and which will be allocate in March 2025 to all providers delivering the 3&4-year-old entitlements across autumn and spring. We do not know this yet, but we would expect the CSBG funding to be continued through the Early Years Single Funding Formula (EYSFF) in 2025/26, rather than continuing as a separate grant.
* Regarding mainstream core formula funding, the majority of primary and secondary schools and academies are likely to have budgeted on the following basis for 2025/26:
  + An increase of 1% on formula funding variables (so same pupil numbers = a 1% increase in total formula funding).
  + A Minimum Funding Guarantee of positive 0.5% (so same pupil numbers = a 0.5% increase in total formula funding).
  + Minimum Levels of Per Pupil Funding (MFLs) of positive 0.5% (so same pupil numbers = a 0.5% increase in total formula funding).
* Following the Budget Statement on 30 October, the DfE for the first time published on 5 November some information on the mainstream core funding formula values for 2025/26. The DfE states that this is still indicative, but it gives local authorities a basis on which to plan. This information is published [here](https://www.gov.uk/government/publications/pre-16-schools-funding-local-authority-guidance-for-2025-to-2026/summary-policy-document-for-schools-national-funding-formula-2025-to-2026). It would normally have been published back in July. Accounting for the transfer of the CSBG and the additional Teacher Pay and Pensions Grants, which are not ‘new money’ (just moving existing funding around the system), the settlement appears to be as follows:
  + Increases between 0% and 1% in formula funding values (rather than 1%), with an average around about 0.5%.
  + A Minimum Funding Guarantee that can be set by local authorities between minus 0.5% and 0% (rather than positive 0.5%).
  + Minimum Levels of Per Pupil Funding (MFLs) that are increasing by 1.4% (primary) and 0.6% (secondary) (rather than 0.5%).
* As highlighted in the next section of this briefing note, and previously published, the Authority has agreed with the Schools Forum a £2.6m contribution from the Schools Block to the High Needs Block of the Dedicated Schools Grant (DSG), in support of the significant deficit that is forecasted within the High Needs Block in 2025/26. Accounting for this transfer, based on the DfE’s indicative information, it appears that the overall settlement for mainstream maintained schools and academies for 2025/26 will be broadly cash flat i.e. same pupil numbers = same formula funding as now. This has still to be fully worked through, but we would advise schools and academies to adjust their drafting of their 2025/26 budgets on this basis. Further information will be provided as soon as is possible.
* We expect that the DfE will announce more information late November / early December. The Authority will then have to act very quickly / the turn-around time will be very short for discussing and confirming formula funding arrangements for 2025/26 with the Schools Forum. Our Schools Forum meets on 4 December and then on 15 January.

Early Briefing and Consultation Document – Mainstream Funding

* If you have not already done so, in the context of the delay in announcements and the very short period that the Authority will have to confirm arrangements, it is really important that you review the documents that were published on 11 October on BSO (can access through latest news and updates) concerning 2025/26 formula funding arrangements. We published an early briefing and consultation document, which explains some key adjustments that will have implications for 2025/26 formula funding. Regarding:
  + A transfer of £2.6m of Schools Block income to the High Needs Block.
  + The introduction of a Gains Cap in the mainstream funding formula.
  + The adjustment to Notional SEND Budgets.
  + The reduction and adjustment of the SEND Funding Floor.
  + Adjustments to other high needs formula funding.
* These adjustments are put forward in the context of the deficit that the Authority forecasts within our Dedicated Schools Grant (DSG) account, caused by overspending in the High Needs Block. These adjustments are seeking to mitigate against this deficit. These adjustment will have implications for school and academies budgets in 2025/26 and on an on-going basis.

Other Funding / Other General Matters

* [PE & Sports Premium](https://www.gov.uk/guidance/pe-and-sport-premium-for-primary-schools) is confirmed for the 2024/25 academic year. No confirmation / announcement about after this.
* The [UIFSM](https://www.gov.uk/government/publications/universal-infant-free-school-meals-uifsm-2024-to-2025) is confirmed for the 2024/25 academic year. No confirmation / announcement about after this.
* The [April 2024 NJC pay award](https://www.nalc.gov.uk/resource/nalc-publishes-local-government-services-pay-agreement-24-25.html) is now confirmed and backpay (Council) is expected to be paid in December. For maintained schools, the final award is lower than the Budget Software estimates, and so schools should see saving on forecasts.
* Though not confirmed, we generally expect that Pupil Premium Grant will continue in 2025/26. There may be changes in conditions and reporting requirements. The level of uplift of PPG rates of funding is not yet known.
* The [September 2024 teachers’ pay award](https://www.gov.uk/government/publications/school-teachers-pay-and-conditions#full-publication-update-history) is now confirmed and backpay (Council) is expected to be paid in December. The DfE has begin the STRB process for September 2025 so it is expected that the pay award for teachers will be known earlier in the budgeting process than previously.
* The new national Procurement Act, which was to take effect in October 2024 is now pushed back to February 2025. This means changes in procurement regulations and practices. An updated not on this can be found on BSO latest news and updates (news note dated 28/10/24). Further guidance is expected to be provided. For maintained schools, we expect to need to revise the Authority’s School Contract Standing Orders.