

Paper C

Purpose: For Decision

Committee report

Committee	SCHOOLS FORUM
Date	20 MARCH 2025
Title	SCHOOL FUNDING UPDATES 2025/26
Report of	DIRECTOR OF CHILDREN'S SERVICES AND DIRECTOR OF FINANCE

EXECUTIVE SUMMARY

1. This report provides a general update on school funding related matters applicable to the upcoming 2025/26 financial year, including final budget setting outcomes, early years funding rates for 2025/26 and high needs arrangements.

SCHOOL FUNDING FORMULA 2025/26

2. The mainstream school funding formula communicated to Schools Forum in January following political ratification, was successfully submitted to the DfE on 22nd January 2025 and subsequently passed the compliance checks. Schools received their formal 2025/26 budget shares on 17th February 2025, in advance of the of the statutory deadline of 28th February 2025.
3. Education Finance Team update session with school business managers took place on 13 February and allowed in-depth discussion about core assumptions around expenditure and income, drawing default conclusions to allow refinement of individual school budgets to continue over the year-end period, with general cost and income assumptions under continued review.
4. Individual maintained school budget plans and outturn balance information themes will be fed back to Schools Forum as part of the summer report update.
5. School grants, including pupil premium, universal infant free school meals (UIFSM) and PE and sports premium, will continue to be received from the DfE and passported onto schools using the allocation breakdown provided. Schools are advised of their estimated allocations by means of a funding schedule which

is updated on a termly basis. The payments will reach schools within 7 working days of Local Authority receiving grant.

EARLY YEARS FORMULA 2025/26

6. Schools Forum endorsed the proposed early years 2025/26 funding rates at the January 2025 meeting. There were no changes to the formula methodology as a result of the engagement with the providers in January and February.
7. An indicative budget share was released to individual providers ahead of the 28 February 2025 deadline as per DfE expectation. The deadline of 28 February will be mandated from 2026/27 financial year.
8. The final 2025/26 provider rates were presented in the January 2025 Schools forum report and are confirmed as follows:

UNDER 2-YEAR-OLD PROVIDER RATE

Rate	2024/25	2025/26	Change
Provider funding rate	10.42	10.61	0.19

2-YEAR-OLD PROVIDER RATE FOR FAMILIES RECEIVING ADDITIONAL SUPPORT AND WORKING PARENT

Rate	2024/25	2025/26	Change
Provider funding rate	7.63	7.80	0.17

3-4-YEAR-OLD PROVIDER RATE

Rate	2024/25	2025/26	Change
Average provider funding rate	5.31	5.53	0.22
Base	5.10	5.31	0.21
Deprivation	0.19	0.19	0.00
Quality	0.02	0.03	0.01

9. A further adjustment to the DSG is expected in July to incorporate the outcome of the early years January 2025 census for under-two, two and three-and-four-year-old entitlements. To ensure that the LA are funded accurately for working parents' entitlements, the DfE will continue with termly headcounts for the 2025/26 financial year.

10. Early years expansion grant was announced at the end of February. This is a one-off grant in 2025/26 financial year to support providers in delivering the final phase of expansion to the working parent entitlements from September 2025. The allocation for Isle of Wight is £140,197. The method for distribution is being determined. As per grant condition Local Authorities will notify the providers of their funding allocation by 10 April 2025. The grant will be received in July 2025 and distributed to the providers by 31 August 2025.

SPECIAL SCHOOL, PUPIL REFERRAL UNIT, RESOURCED PROVISIONS AND MAINSTREAM EHCP TOP UP FUNDING

11. Local Authority currently commission places in the Resourced units, Special schools, PRU and IOW college. The settings are funded on place plus top up basis. Where the occupancy exceeds commissioned places, overoccupancy funding is provided to eligible settings as per local Schools funding policy. The breakdown of the APN (agreed places numbers) is in the following table.

Setting type	Base	Places commissioned
Resourced provision	Brading unit	8
Resourced provision	Greenmount unit	12
Resourced provision	Hunnyhill unit	8
Resourced provision	St Francis unit	8
Resourced provision	The Bay unit	15
Resourced provision	Medina College unit	15
Resourced provision	Carisbrooke College unit	15
Special school	St Georges	208
Special school	Medina House	138
PRU	Lionheart School	60
College	IOW College	170 increasing to 190 from 2025/26 AY

12. The Special Schools, PRU and Resourced Provision units received their 2025/26 budget shares by the deadline of 28th February 2025 which included estimated top up funding based on the 2025/26 rates.
13. The plan for expanding specialist provisions on the island to meet current and growing demand is currently being developed and will be communicated to the Schools Forum when finalised.
14. The 2025/26 top up rates remain the same as they were in 2024/25 and are shown below:

Special School - Pre & Post 16 2025/26	
A1	£4,525
A2	£7,036
A3	£8,041
B1	£8,544
B2	£12,059
B3	£17,079

Pupil Referral Unit 2025/26	
Standard place	£9,028
EV/Unwell	£19,028

2025/26	
Resourced Provision	
Primary	
ASD	£8,579
Secondary	
ASD	£9,614

2025/26	
Mainstream EHCP Top Up Funding	
LSA Hours (historic)	£7.60
Targeted A	£904
Targeted B	£1,698
Enhanced A	£3,409
Enhanced B	£5,222
Exceptional	£8,159

15. In addition to the top up rates, special schools and PRU will continue to receive historic teacher's pay and pension funding and additional funding in 2025/26 as per DSG grant conditions.

RECOMMENDATIONS

1. That Schools Forum notes the general updates in relation to 2025/26 schools and early years related funding.
2. That Schools Forum endorse the 2025/26 top up funding rates for special schools, pupil referral units, resourced provisions and mainstream EHCP.

BACKGROUND PAPERS

No background papers.

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