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# SUPPLEMENTARY AGENDA

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## SCHOOLS FORUM

WEDNESDAY, 8 JANUARY 2025 AT 4.30 PM

## VIRTUAL REMOTE MEETING

Telephone enquiries to Jane Di Dino 023 9283 4060

Email: jane.didino@portsmouthcc.gov.uk

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### **Membership**

Schools Members Dave Jones, (Chair) head teacher representative - primary phase

Carina Jacobs, head teacher representative - primary phase

Simon Graham, head teacher representative - secondary phase

Share D'All, governor - primary phase

Vacancy, governor - secondary phase

Jo Cooper, academies representative - primary phase

Sally Hodgson, academies representative - primary phase

Jack Jones, academies representative - primary phase

Sean Preston, academies representative - primary phase

Ruth Worswick, academies representative - primary phase

Nathan Waites (Vice Chair), academies representative -secondary phase

Nys Hardingham, academies representative - secondary phase

Christian Down, academies representative - secondary phase

Nick Giles, academies representative - secondary phase

Vacancy, academies representative - secondary phase

Sharon Burt, academies representative - special schools.

### Non School Members

Teresa Cole, 16-19 Education Providers representative

Heather Smith, Early Years Providers representative

Vacancy, Conservative Party

Councillor Tom Coles, Labour Party.

Councillor Kimberly Barrett, Liberal Democrats Party

Councillor Chris Dike, Portsmouth Independents Party

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(NB This supplementary agenda should be retained for future reference with the main agenda and minutes of this meeting).

## **SUPPLEMENTARY AGENDA**

### **6 School funding arrangements 2025-26. (Pages 3 - 36)**

The enclosed report originally marked on the agenda "to follow" was published on 7 January 2025.

# Agenda Item 6



**Portsmouth**  
CITY COUNCIL

<b>Title of meeting:</b>	Schools Forum
<b>Date of meeting:</b>	8 January 2024
<b>Subject:</b>	School Funding Arrangements 2025-26
<b>Report by:</b>	Sarah Daly, Director of Children Families and Education
<b>Cabinet Member:</b>	Councillor Suzy Horton, Cabinet Member for Children, Families and Education
<b>Wards affected:</b>	All
<b>Key decision:</b>	Yes/No
<b>Full Council decision:</b>	Yes/No

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## 1 Purpose of report

1.1 The purpose of this report is to:

- 1.1.1 Seek endorsement of the final stage submission to the Department for Education (DfE) by 22 January 2025 of the 2025-26 mainstream school revenue funding pro-forma for the Primary and Secondary Phases.
- 1.1.2 Inform Schools Forum of the progress towards the initial determination of the schools budget (including individual schools budgets for 2025-26) and to seek the necessary approvals and endorsements required.

## 2 Recommendations

2.1 It is recommended that Schools Forum:

- 2.1.1 Endorse the proposed changes to the mainstream schools revenue funding arrangements as set out in Section 5 and Appendix 2.
- 2.1.2 Endorse the school revenue funding pro-forma at Appendix 3 for submission to the ESFA on 22 January 2025.
- 2.1.3 Endorse the use of the carry forward on the Schools Specific Contingency for the same purpose in 2025-26 as set out in Section 6.
- 2.1.4 Endorse the budget to be held centrally for the payment of central licences negotiated nationally for all schools by the Secretary of State.
- 2.1.5 Approve the use of the 2024-25 underspend on the Growth Fund for use for the same purpose in 2025-26.

- 2.1.6 Approve the budgets to be held centrally specifically as set out in Appendix 1:
- Schools Forum
  - Admissions
  - Duties retained by the local authority for all schools
  - Centrally employed Teachers' pay and pensions grants.
- 2.1.7 Endorse the place numbers for Special Schools, Inclusion Centres and Alternative Provision Settings as set out in Section 9 and Appendix 4.
- 2.1.8 Endorse the Early Years Funding formula for under twos, two, three and four years olds as set out in Section 8 and the budget as set out in Appendix 1
- 2.2 It is recommended that Maintained Schools Forum members:
- 2.2.1 Approve the de-delegated unit values in relation to the School Improvement, Monitoring and Brokerage Grant of £10.65 for each pupil.

### **3 Background**

- 3.1 The Dedicated Schools Grant (DSG) is a ring-fenced grant for education and can only be used for the purposes of the Schools Budget as defined in the School and Early Years Finance (England) Regulations.
- 3.2 It is anticipated that the updated School and Early Years Finance (England) Regulations will require each local authority, by no later than 28 February 2025, to:
- 3.2.1 Make an initial determination of its schools budget; and
- 3.2.2 Give notice of that determination to the governing bodies of the schools which it maintains.
- 3.3 The Cabinet Member has already agreed, and Schools Forum has endorsed, the following principles in respect of the revenue funding arrangements for mainstream schools in 2025-26, which are summarised below:
- 3.3.1 To implement a Minimum Funding Guarantee at the value published by the DfE, which for 2025-26 is between minus 0.5% and plus 0.00%.
- 3.3.2 To calculate initial funding allocations in accordance with National Fair Funding (NFF) unit values as published by the Department for Education (DfE) in November 2024.
- 3.3.3 Agreed the methodology to manage affordability.

#### 4 Dedicated Schools Grant

- 4.1 The determination of the 2025-26 Dedicated Schools Grant for the Schools Block, Central School Services Block and the Early Years Block is set out in Appendix 1.
- 4.2 On the 18 December 2024 the ESFA announced the initial Dedicated Schools Grant Allocation for Portsmouth for 2025-26. This includes the funding for both Maintained schools and Academies although Portsmouth City Council will only receive the funding for the Maintained schools as Academies receive this direct from the DfE.
- 4.3 In November 2024 the DfE released the indicative funding for 2025-26 based on the National Funding Formula and the October 2023 census data. The funding allocation has been updated for the October 2024 census and reflects the growth in pupil numbers seen both in mainstream schools and high needs settings across the city. The table below sets out the funding allocation for 2024-25 and the provisional funding allocation for 2025-26.

<b>Table 1 Comparison between 2024-25 and 2025-26 DSG allocations</b>						
	<b>2024-25 Allocation (Nov 2024) (including Growth)</b>	<b>2024-25 Additional Grants incorporated into 2025-26</b>	<b>2024-25 Total</b>	<b>2025-26 Indicative Allocation (Dec 2024) (including Growth)</b>	<b>Funding Variance</b>	<b>Percentage Variance</b>
<b>Funding Block</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>%</b>
Schools Block	158,319	9,354	167,674	172,392	4,718	2.81%
Central School Services Block	1,119	52	1,171	1,222	51	4.38%
High Needs Block	37,753	6	37,759	41,156	3,397	9.00%
Early Years	25,051	0	25,051	35,257	10,206	40.74%
<b>Gross Total</b>	<b>222,242</b>	<b>9,413</b>	<b>231,655</b>	<b>250,027</b>	<b>18,372</b>	<b>7.93%</b>

- 4.4 The Early Years Block funding contains the increase in entitlements to 30 hours for under 2 year olds and 2 year old pupils with working parents from September 2025. The increase in the hourly rate paid to the authority of each of the three age groups, under twos, two year olds and three and four year olds have increased by approximately 4.4%.
- 4.5 The Schools Block contains £1.053m of growth and falling rolls funding.
- 4.6 Following changes to the process of payment of national non-domestic rates (NNDR) in April 2022, the Schools Block will be reduced by the NNDR value (£1.4m) that was included in the January 2024 Authority Proforma Tool (APT) and stated in the schools budgets for 2024-25. Further information regarding the treatment for NNDR is set out in section 5.
- 4.7 The amount expected to be received directly by Portsmouth City Council is £103m, excluding funding for academies. The funding received directly will continue to change

during the year as schools convert to Academy status, since they will receive their funding directly from the ESFA rather than from the Council. Table 2 below sets out the DSG funding allocation for 2025-26.

<b>Table 2: DSG indicative and actual funding allocation as at December 2024</b>					
<b>DSG Funding</b>	<b>2025-26</b>				
	<b>Provisional funding Inc. Academies and NNDR</b>	<b>NNDR reduction</b>	<b>Provisional funding Inc. Academies and exc. NNDR</b>	<b>Academy impact</b>	<b>Provisional exc. Academies</b>
	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>
Schools Block*	172,392	(1,408)	170,984	(134,406)	36,578
Central School Services Block	1,222		1,222		1,222
High Needs Block**	41,156		41,156	(10,783)	30,373
Early Years Block***	35,257		35,257		35,257
<b>TOTAL</b>	<b>250,027</b>	<b>(1,408)</b>	<b>248,619</b>	<b>(145,189)</b>	<b>103,430</b>

\*The December 2024 Allocation removes NNDR funding from the DSG to be paid centrally.

\*\*This is a provisional allocation which will be updated later in the year for import/export.

\*\*\* This is a provisional allocation which will be updated later in the year; it reflects the January 2024 census.

## **5 Schools Block - Mainstream school revenue funding formula 2025-26**

- 5.1 In accordance with previous decisions, both primary and secondary schools will be funded using the National Funding Formula for 2025-26. The National Funding Formula values published by the DfE<sup>1</sup> have been increased in line with Portsmouth's Area Cost Adjustment (ACA) value of 1.01479 and rounded up to the nearest whole pound. The formula factor values are set out in Appendix 2
- 5.2 The application of Minimum Per Pupil Funding level (MPPL) is now mandatory and the following national values have been applied to the school budgets for 2025-26.

<b>Table 3 - Minimum per pupil level funding 2025-26</b>	
<b>Phase</b>	<b>MPPL 2025-26</b>
	<b>£</b>
Primary	4,955
Secondary	6,465
All-through	5,584
KS3 only schools	6,221
KS4 only schools	6,831

- 5.3 A total of five schools will receive additional funding through the application of the MPPL at a total value of £139,300.

<sup>1</sup> [National funding formula for schools and high needs: 2025 to 2026 - GOV.UK](https://www.gov.uk/government/news/national-funding-formula-for-schools-and-high-needs-2025-to-2026)

### **Minimum Funding Guarantee (MFG)**

- 5.4 In November 2024 the Secretary of State confirmed that the National Funding Formula would provide a plus 0.0% per pupil increase for each school when compared to the 2024-25 baseline. An allocation was included in the Schools Block funding to the council for 2024-25 to accommodate this protection. The DfE has confirmed that local authorities can set an MFG of between minus 0.5% and 0.0%.
- 5.5 The authority has applied an MFG of 0.0% per pupil when compared to the 2024-25 per pupil funding.
- 5.6 The MFG has provided protection for 16 schools at a cost of £323,600.

### **National Non-Domestic Rates**

- 5.7 From 2022-23 the national non-domestic rates (NNDR) have been paid by the ESFA directly to Portsmouth City Council. This has no financial impact on school budgets, but changes both the way NNDR is included in the schools budget and the payment process.
- 5.8 The authority will be funded for NNDR, based on the 2024-25 values within the January 2024 Proforma endorsed by Schools Forum and approved by the Cabinet Member. The value of these rates will be deducted from the 2025-26 Schools Block of the DSG and kept centrally by the ESFA (see Table 2). The ESFA will then use this funding to pay the 2025-26 NNDR bills for Maintained and Academy schools for the 2025-26 financial year.

### **Financial Cap on Gains**

- 5.9 No financial cap on gains has been imposed, which continues to allow all gaining schools to benefit fully from the move to the NFF.
- 5.10 The final proposed funding pro-forma for 2025-26 is attached at Appendix 3.

### **Adjustments for affordability**

- 5.11 The authority consulted with schools in November 2024 on how to manage affordability. After applying the National Fair Funding values, including the Area Cost Adjustment, the MPPL and an MFG of 0.0%, there remained a deficit of approximately £0.6m on the schools formula funding element of the Schools Block.
- 5.12 The deficit is due to the following reasons:
- 5.12.1 A change to the methodology for funding the Private Finance Initiative factor providing less funding than the calculated requirement through the Schools Block allocation. The authority is exploring if this change can be challenged.
- 5.12.2 A built in lag in funding through the methodology used to calculate the units of

funding for primary and secondary pupils which is based on the pupil characteristics in the October 2023 census then applied to the pupil numbers in the October 2024 census. The October 2024 census has seen a higher proportion of pupils attracting funding through the Low Prior Attainment, Free School Meals and IDACI<sup>2</sup> factors when compared to October 2023.

- 5.13 A review of the Growth Fund requirements for the five year period 2025-26 to 2029-30 confirmed that the planned use of the carry forward in previous years has almost provided sufficient funding to ensure current and known future growth fund obligations are met. The authority has therefore used the growth funding to fill the gap in the school funding formula, enabling the authority to retain the area cost adjustment increase and not apply a funding cap. Thus, maximising the funding to schools.
- 5.14 Of the remaining £405,800 of the growth funding, £110,000 has been used to support the Growth Fund (see Table 4 below) and the remaining £295,800 (0.17% of the Schools Block DSG) has been transferred to the High Needs Block to support the on-going pressures.

### **Growth Fund**

- 5.15 The Growth Fund criteria and the Primary and Secondary Lump sum values for 2025-26 was approved by Schools Forum at the Meeting in December 2024. This section sets out further information Growth Fund budget for 2025-26.
- 5.16 The 2025-26 Schools Block contains £0.766m of growth funding which reflects the growth in pupil numbers between October 2023 and October 2024. The funding for 2025-26 was £0.315m lower than 2024-25 and reflects a 30% reduction in the pupil numbers that attract growth funding when compared to 2024-25. Primary pupils attract a lower funding rate of £1,570 compared to £2,250 for secondary pupils.
- 5.17 The table below sets out the cost of Growth Fund commitments for 2025-26 and for the following four years. Offset against the growth funding received from the DfE, reduction in academy recoupment and the Growth Fund carry forward from 2024-25. For 2025-26 this would provide a surplus value of £885,800, which would be carried forward to fund future Growth Fund commitments and provide capacity to manage future growth in pupil numbers within the current criteria.

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<sup>2</sup> Income Deprivation Affecting Children Indices



<b>Financial Year</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>	<b>2028-29</b>	<b>2029-30</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Total costs	703,964	465,909	562,634	353,476	72,138
DfE Funding	(110,000)	0	0	0	0
5/12 Recoupment	(461,641)	(173,089)	(209,158)	(252,483)	(72,138)
<b>In year (surplus)/deficit</b>	<b>132,324</b>	<b>292,820</b>	<b>353,477</b>	<b>100,993</b>	<b>0</b>
Brought Forward from previous year	(885,800)	(753,477)	(460,657)	(107,180)	(6,187)
<b>Carry forward (surplus)/deficit</b>	<b>(753,477)</b>	<b>(460,657)</b>	<b>(107,180)</b>	<b>(6,187)</b>	<b>(6,187)</b>

5.18 The retention of previous years balances to support the on-going Growth Fund commitments has enabled the authority to support the 2025-26 formula funding through using the growth funding. As previously reported as part of the national consultation on the introduction of the National NFF, the DfE are considering changes to the method of funding growth, a further consultation is expected, and the Authority will work with Schools Forum on a response.

## **6 De-delegated and other schools block funding**

### **Falling Rolls**

- 6.1 Within the growth funding, the authority received £288,000 of Falling Rolls funding. Funding is provided when there is a 10% or greater reduction in the number of pupils on roll in each Middle Layer Super Output Area<sup>3</sup> (MSOA) between the October 2023 and October 2024 census. Portsmouth saw a decrease of 107 primary pupils over two MSOA, which were just over the 10% threshold thus triggering the funding.
- 6.2 A local authority continues to have discretion as to whether to have a falling rolls fund. For schools to be eligible to receive funding under a falling rolls fund the local authority's School Capacity (SCAP) data return should show that the school places will be required in 2025-26 and/or either of the following two years.
- 6.3 Portsmouth's SCAP return did not show that these primary places are required over the next three academic years.
- 6.4 Following consultation in December 2023 Portsmouth Schools Forum agreed not to hold a falling rolls fund, as the SCAP data did not indicate the places would be required in the following three academic years. In December 2024 the data has not changed and therefore a falling rolls fund has not been proposed. The funding has been used to support the Growth Fund and the High Needs Block.

<sup>3</sup> Middle layer super output area (MSOA) are areas used by the Office of National Statistics to capture population data within local authorities. They contain between 2,000 to 6,000 households and between 5,000 to 15,000 persons.

## **School Improvement Monitoring and Brokerage**

- 6.5 Following a consultation with schools, at the Schools Forum meeting on 4 December 2024, Maintained School Members voted to de-delegate from Maintained schools for the School Improvement, Monitoring and Brokerage budget. Following the receipt of the October 2024 census the proposed de-delegation per pupil has been calculated at £10.65 for maintained primary and secondary pupils.

### **Schools specific contingency**

- 6.6 As at the end of December 2024 this budget is forecast to be underspent by £124,300. Schools Forum is asked to approve the carry forward of this balance for the same purpose in 2025-26.

## **7 Central Schools Services Block**

- 7.1 The Central Schools Services Block (CSSB) has seen an increase on the per pupil funding of 4.4%, including £1.30 per pupil for the passporting of the Core Schools Budget Grant for centrally employed teachers.

- 7.2 The EFSA has agreed with the following agencies to continue to purchase a single national licence managed by them for all state funded schools in England:

- Christian Copyright Licensing International (CCLI)
- Copyright Licensing Agency (CLA)
- Education Recording Agency (ERA)
- Filmbank Distributions Ltd (for the PVSL)
- Mechanical Copyright Protection Society (MCPS)
- Motion Picture Licensing Company (MPLC)
- Newspaper Licensing Authority (NLA)
- Performing Rights Society (PRS)
- Phonographic Performance Limited (PPL); and
- Printed Music Licence (PML).

- 7.3 These licences are funded centrally and for 2025-26 the budget provision has been set at £187,200, which reflects the expected increase in charges and pupil numbers for 2025-26, which is anticipated to meet the central charges from the DfE for the financial year.

- 7.4 The authority is proposing an increase of £16,900 for the duties retained on behalf of all schools that were formally part of the Education Support Grant reflecting the increase in the number of pupils in the city and increased cost of delivery.

- 7.5 The following 2024-25 budgets are proposed:

- Schools Forum to increase to £17,600,
- Admissions budget to increase to £405,100 reflecting the increase in pupil numbers and associated costs,

- The centrally employed Teachers' Pay and Pension budget, increased to £85,400, reflecting the roll in of the Core Schools Budget Grant.

7.6 The overall budgeted expenditure within the CSSB matches the 2025-26 funding allocation of £1,222,200.

## 8 Early Years

### Extension of entitlements 2025-26

8.1 In March 2023 the Government announced the extension of early years entitlements starting in April 2024 and the roll out completing in September 2025. The Table below sets out the planned implementation.

<b>Implementation date</b>	<b>Age group</b>	<b>No. of hours per week</b>
April 2024	Working parents of 2 year olds	15
September 2024	Working parents of 9 months to 3 year olds	15
September 2025	Working parents of 9 months to 3 year olds	30

8.2 On 24 October 2024 the DfE confirmed there was only one change to the Early Years Funding formula for 2025-26, an increase to the pass through rate to providers from 95% to 96% from April 2025. To enable Early Years settings to receive notification of the 2025-26 hourly rates as early as possible in 2025, the authority consulted on the proposed formula changes before the hourly rates were released by the DfE. This consultation closed on 20 December 2024, the results of the consultation and the proposed Early Years budget proposals for 2025-26 are set out below and in Appendix 5.

### Three and Four year old funding formula

8.3 The DfE have confirmed that the DSG hourly funding rate for Portsmouth City Council 2025-26 will increase by £0.27 to £6.40 for three and four year olds.

8.4 The three and four year old allocation includes funding for the Teacher's pay grant and the Teacher's employers contribution grant (Teacher's pay and pensions grant). This equates to £0.03 per hour, for clarity it has been included within the formula for 2025-26, paragraphs 8.10 and 8.11 set out how this supplement will be paid to eligible providers. There are no proposed changes to the funding formula factors consulted with providers in December 2024. The Table below sets out the proposed funding values for 2025-26.

<b>Table 6: Three and four year old funding formula 2024-25 and 2025-26</b>		
	<b>2024-25</b>	<b>2025-26</b>
	<b>£</b>	<b>£</b>
Basic rate	5.50	5.78
Deprivation	0.20	0.20
SENDIF Emerging needs	0.04	0.09
Growth contingency	0.06	0.05
Teachers Pay and Pension grant	0.03	0.03
<b>Total funding passed to settings</b>	<b>5.83</b>	<b>6.15</b>
Centrally retained	0.30	0.25
<b>Total funding per hour</b>	<b>6.13</b>	<b>6.40</b>

### **Two year old funding formula (Deprivation and working parents)**

- 8.5 The DfE have confirmed that the DSG hourly funding rate for 2025-26 will increase by £0.38 to £9.36 for two year olds. This includes the entitlement for two year olds with parents in receipt of certain benefits and the entitlement for two years with working parents from April 2024. The Table below sets out the proposed funding values for 2025-26.

<b>Table 7: Two year old (deprivation and Working Parent) funding formula 2024-25 and 2025-26</b>		
	<b>2024-25</b>	<b>2025-26</b>
	<b>£</b>	<b>£</b>
Basic rate	8.49	8.89
SENDIF Emerging needs	0.04	0.09
Growth contingency	0.00	0.01
<b>Total funding passed to settings</b>	<b>8.53</b>	<b>8.99</b>
Centrally retained	0.45	0.37
<b>Total funding per hour</b>	<b>8.98</b>	<b>9.36</b>

### **Under 2s funding formula**

- 8.6 The Under 2 year old formula covers the entitlement to funded childcare from September 2024 for pupils aged 9 months up to 2 years old of working parents. The DfE have confirmed that the DSG hourly funding rate for 2025-26 will increase by £0.52 to £12.76 for Under two year olds. The table below sets out the proposed funding values for 2025-26.

<b>Table 8: Under two year old funding formula 2024-25 and 2025-26</b>		
	<b>2024-25</b>	<b>2025-26</b>
	<b>£</b>	<b>£</b>
Basic rate	11.59	12.13
SENDIF Emerging needs	0.04	0.10
Growth contingency	0.00	0.02
<b>Total funding passed to settings</b>	<b>11.63</b>	<b>12.25</b>
Centrally retained	0.61	0.51
<b>Total funding per hour</b>	<b>12.24</b>	<b>12.76</b>

### **SENDIF Emerging needs**

- 8.7 The authority is reviewing the offer to early years settings for those pupils with Special Educational Needs and Disabilities (SEND). As set out in the consultation the increased funding for pupils with low and emerging needs will enable financial support to be provided for a longer period than the current two terms. The support provided for pupils with more complex needs is being reviewed and will be consulted on.

### **Growth Contingency**

- 8.8 The DfE have confirmed that as in 2024-25 they will continue to undertake termly census counts for the new entitlements in 2025-26 and adjust local authority funding allocations to more closely match activity. The impact of the summer 2024 termly count has been reviewed and whilst it has provided additional funding it is not sufficient to cover the forecast hours. The funding related to the autumn 2024 census will not be received by the local authority until March 2025, but initial estimates show that this is not expected to cover the full cost, and the authority will need to use the three and four year old growth contingency to cover any overspends across all age groups.
- 8.9 It is therefore proposed to spread the growth contingency across all age groups as set out in the Tables above.

### **Centrally Held**

- 8.10 From April 2025 the local authority can hold up to 4% of the hourly rate to pay for central services for Early Years, the formula funding proposals above include the 4% retention rate. The Early Years Team within the local authority are funded from this retention rate and provide a range of services to Early Years providers. This support is expected to increase as the entitlements continue to be extended over the 2025-26 financial year. The retention rate is reviewed and consulted on annually as part of the formula consultation.
- 8.11 The retention of the 4% will enable the authority, through the early years team, to continue to support providers with quality assurance, business support, training, advice, signposting parents to find childcare places, inclusion outreach, funding issues, eligibility checks and synergy trouble shooting during open tasks. Additional

support will be required to administer the new entitlements both in terms of increasing sufficiency and administering the funding to providers.

### **Teachers pay and pensions**

- 8.12 In 2023-24 the DfE moved the separate grant paid to mainstream school nursery unit providers for teachers pay and pension grant into the Early Years block funding. This was a national change which impacted mainstream school nursery units only. This has provided funding of £73,100 for 2025-26. It is proposed that this is distributed to schools through the "Quality" discretionary supplement for three and four year olds to those providers that are required to employ teachers.
- 8.13 It is proposed to distribute the grant at on the same basis as 2024-25 at £181 per pupil as per the number on roll for N1 and N2 in the October 2024 census.

### **Early Years Pupil Premium and Disability Access Fund**

- 8.14 In addition to the funding formula providers will see an increase in the funding paid via the disability access fund which has increased from £910 to £938 per eligible child per year.
- 8.15 From April 2024 the Early Years pupil premium for eligible three and four year olds was extended to include disadvantaged two year olds and children aged two years of working parents, the eligibility extended to include the under twos from September 2024. From April 2025 the rate per hour has increased from £0.68 per hour to £1.00 per hour up to a maximum of 570 hours per year.

### **Consultation with providers**

- 8.16 Portsmouth has undertaken a consultation with Early Years settings regarding the proposed funding formula and hourly rates paid to providers. The consultation closed on 20 December 2024, of 156 providers contacted, 22 responded (14%), The table below provides a summary of the responses. A copy of the consultation and the responses are set out in Appendix 5.

<b>Table 9: Summary of Consultation responses</b>				
<b>Question</b>	<b>Yes</b>	<b>No</b>	<b>N/A</b>	<b>Total</b>
Do you agree with the proposed 2025-26 funding formula for three and four year olds?	17	4	1	22
Do you agree with the proposed 2025-26 funding formula for two year olds?	17	4	1	22
Do you agree with the proposed 2025-26 funding formula for under 2 year olds?	17	3	2	22

- 8.17 There are no proposed changes to the formula as set out in the consultation. Several respondents provided comments as part of the response to the consultation, which highlighted the financial pressures in the Early Years Sector and questioned the retention of 4% by the local authority. Paragraphs 8.10 and 8.11 set

out the services the local authority provides to Early Years settings, which have increased due to extension of entitlements. The local authority is awaiting details of any grants related to the increase in national insurance contributions.

## **9 High Needs**

- 9.1 In December 2024 the initial High Needs Block allocation is a £3.4m increase from 2024-25, with the final amount to be announced in July 2025 once the movement of pupils between authorities is known (called the import/export adjustment).

### **Place Funding**

- 9.2 Appendix 4 sets out the Special School, Inclusion Centre and Alternative Provision places budgeted for the 2025-26 financial year, including any that are paid locally by the authority.

### **Special School places**

- 9.3 There are no proposed changes to the Special School place numbers for the 2025-26 financial year.

### **Inclusion Centre places**

- 9.4 The 2025-26 budget contains the full year impact of the increase in Inclusion Centre places from September 2024.

- 9.5 Additionally, there is an increase of 27 places for the 2025-26 academic year from September 2025. These include:

- A further eight places at The Portsmouth Academy
- A further five places at Trafalgar Academy
- The reduction of two places at Northern Parade Junior School
- Provision for a total of 16 places at two new Inclusion Centres.

### **Alternative Provision (AP) places**

- 9.6 There are no changes to the overall places at the Harbour and Flying Bull Alternative Provision settings for 2025-26. However, the budget includes the transfer of a further four places at Flying Bull to be paid by the ESFA, leaving four places paid locally from September 2025.

### **Other High Needs funding**

- 9.7 Following the receipt of the High Needs Block allocation for 2025-26, the authority is reviewing the other High Needs funding requirements. As previously reported the High Needs Block has been supported using £2.5m of the DSG balances in 2024-25. The additional funding provided in 2025-26 (£3.4m), will help to support the financial pressures, but there is still expected to be a shortfall which will need to be covered by DSG balances. These pressures include:

- the full year impact of the increased Inclusion Centre and Special School places from September 2024 and associated Element 3 Top-up,
- the full year impact of the Education Health and Care plan recovery programme,
- the continuation of the payment of the Additional Grant provided in 2023-24 for High Needs and continuing into 2025-26,
- pressures due to increased levels of need across all Early Years settings, schools and post-16 colleges.

9.8 The proposed High Needs budgets will be brought to the February 2024 Schools Forum and Cabinet Member meetings for endorsement and approval.

## 10 Other school funding for 2025-26

10.1 The DfE have confirmed the following additional funding will be provided during 2025-26 to schools and High Needs settings outside of the DSG.

- **Special Schools and Alternative Provision:** Core Schools Budget Grant, which will contain three grants:
  - Teachers pay additional grant (TPAG)
  - 2024 teachers' pension employer contribution grant (TPECG)
  - A full year allocation of the 2024-25 core schools budget grant to cover the additional costs associated with the April 2024 and September 2024 pay awards for non-teaching and teaching staff.
- **Mainstream and High Needs settings:** A grant to cover the additional costs associated with the increase in employers National Insurance contributions from April 2025. The DfE will provide further information in early 2025.

## 11 Reasons for recommendations

11.1 The recommendations within this report seek to allocate DSG resources appropriately and fairly, and to provide the best possible outcomes for pupils in the city. They are consistent with the requirements that are anticipated to be contained within the updated School and Early Years Finance (England) Regulations. Local Authorities are expected to submit their determination of the mainstream school funding to the Department for Education by 22 January 2025. It is expected that Local Authorities will be required to make an initial determination of their schools' budget no later than 28 February 2025.

## 12 Integrated impact assessment

12.1 This report and the proposals within form part of, and are consistent with, the national implementation of the schools and high needs National Funding Formula as directed by the Department of Education and set out in the School and Early Years Finance (England) Regulations 2025.

12.2 The funding system does not seek to target funding by reference to particular protected characteristics under the Equality Act 2010, but instead targets funding to those groups which the evidence demonstrates face barriers to their educational achievement.



### 13 Legal implications

13.1 Although at the time of preparing this report these are yet to be published by central government, it is anticipated that updated School and Early Years Finance (England) Regulations will require local authorities to make an initial determination of their Schools Budget by the 28 February 2025. The recommendations in this report have regard to officers' understanding of the requirements to be contained in those updated regulations, based on operational guidance published by central government, and in particular identify elements of the proposals in respect of which Schools Forum's specific approval or endorsement is required.

### 14 Director of Finance's comments

14.1 Financial comments and implications are included in the body of this report.

**Signed by:** Sarah Daly, Director of Children, Families & Education

#### Appendices:

- Appendix 1: Dedicated Schools Grant Original budget 2025-26 (Schools Block, Central Schools Services Block and Early Years Block)
- Appendix 2: Portsmouth Rates to National Funding Rates Comparison Table 2024-25 to 2025-26
- Appendix 3: Local Authority Proforma 2025-26
- Appendix 4: High Needs Places 2025-26
- Appendix 5: Early Years Provider Consultation and responses 2025-26

#### Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

<b>Title of document</b>	<b>Location</b>
School and Early Years Finance and childcare (provision of Information about Young Children) (Amendment) (England) Regulations 2024	<a href="#">The School and Early Years Finance and Childcare (Provision of Information About Young Children) (Amendment) (England) Regulations 2024</a>
The National Funding Formulae for Schools and High Needs 2025-26 (published November 2024) - Policy Document	<a href="#">The national funding formulae for schools and high needs - 2025 - 2026</a>
Schools revenue funding 2025 to 2026: Operational Guide (published November 2024)	<a href="#">Schools operational guide: 2025 to 2026 - GOV.UK</a>

High Needs Funding: 2025 to 2026 Operational Guidance (published November 2024)	<a href="#">High needs funding: 2025 to 2026 operational guide - GOV.UK</a>
Early Years Entitlements: local authority funding operational guide 2025 to 2026 (published 10 December 2024)	<a href="#">Early years entitlements: local authority funding operational guide 2025 to 2026 - GOV.UK</a>

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by ..... on .....

.....  
Signed by Dave Jones, Chair of Schools Forum:

**Appendix 1:**
**Dedicated Schools Grant Original budget 2025-26 (Schools Block, Central Schools Services Block and Early Years Block)<sup>4</sup>**

	Approved 2024-25 Budget - Oct 2024 (inc. Academies)	Proposed Budget Revisions	2025-26 Schools Budget Jan 2025 (Including Academies)	2025-26 Schools Budget Jan 2025 (Excluding Academies)
	£000	£000	£000	£000
<b>Schools Block</b>				
<b>Individual Schools Budgets (ISB)</b>				
Primary	79,638	6,157	85,794	27,836
Secondary	76,496	8,222	84,718	8,402
<b>Total ISB</b>	<b>156,134</b>	<b>14,379</b>	<b>170,512</b>	<b>36,238</b>
<b>De-Delegated and Central Budgets</b>				
Growth Fund	1,994	(536)	1,458	1,458
De-delegated Budgets	205	(14)	190	190
Academy Conversions	0	0	0	0
<b>Other Schools Block Sub Total</b>	<b>2,198</b>	<b>(549)</b>	<b>1,648</b>	<b>1,648</b>
<b>Total Schools Block</b>	<b>158,332</b>	<b>13,829</b>	<b>172,161</b>	<b>37,886</b>
<b>Central School Services Block</b>				
Schools Forum	17	1	18	18
Admissions	362	43	405	405
Licences (negotiated by DfE)	162	25	187	187
ESG retained duties	510	17	527	527
Central Teachers Pay /pensions grant	51	35	85	85
<b>Central School Services Block Total</b>	<b>1,102</b>	<b>120</b>	<b>1,222</b>	<b>1,222</b>
<b>Early Years Block</b>				
3 & 4 Year Old Provision <sup>5</sup>	14,659	902	15,561	15,561
2 Year Old Provision	5,988	2,751	8,739	8,739
Under 2s	3,124	6,443	9,567	9,567
Central Expenditure on under 5's	1,212	178	1,390	1,390
<b>Early Years Block Total</b>	<b>24,983</b>	<b>10,274</b>	<b>35,257</b>	<b>35,257</b>
<b>Total Expenditure</b>	<b>184,417</b>	<b>24,223</b>	<b>208,640</b>	<b>74,366</b>
<b>Income</b>				
Schools Block	(157,705)	(13,741)	(171,445)	(37,171)
Central Schools Services Block	(1,102)	(120)	(1,222)	(1,222)
Early Years Block	(24,983)	(10,274)	(35,257)	(35,257)
<b>DSG Income<sup>1</sup></b>	<b>(183,790)</b>	<b>(24,135)</b>	<b>(207,925)</b>	<b>(73,651)</b>
One-off use of Carry Forward <sup>6</sup>	(627)	(384)	(1,011)	(1,011)
Transfer to High Needs Block	0	296	296	296
<b>Total Income</b>	<b>(184,417)</b>	<b>(24,223)</b>	<b>(208,640)</b>	<b>(74,366)</b>

<sup>4</sup> Due to rounding to the nearest £1,000 the table may not add up exactly

<sup>5</sup> Includes early years pupil premium.

<sup>6</sup> Includes carry forward of Schools Specific Contingency and Growth Fund

**Appendix 2: Portsmouth Rates to National Funding Rates Comparison Table 2024-25 to 2025-26**

Funding Factors	Payable for:	Unit rate 2024-25		Unit Rate 2025-26 <sup>7</sup>	
		Primary £	Secondary £	Primary £	Secondary £
<b>Basic Entitlement</b>					
Number on Roll (NOR)	Primary including reception	3,614		3,904	
NOR Key Stage 3	Key stage 3 pupils		5,096		5,502
NOR Key Stage 4	Key stage 4 pupils		5,744		6,203
<b>Deprivation</b>					
Free School Meals	Free School Meals (FSM)	497	497	502	502
Free School Meals Ever 6	Free School Meals Ever 6	832	1,218	1,076	1,578
IDACI A	Pupils ranked between 1 and 821	690	959	695	964
IDACI B	Pupils ranked between 822 and 2,463	523	751	528	756
IDACI C	Pupils ranked between 2,464 and 4,105	492	700	497	705
IDACI D	Pupils ranked between 4,106 and 5,747	452	639	452	644
IDACI E	Pupils ranked between 5,748 and 9,032	289	457	289	457
IDACI F	Pupils ranked between 9,033 and 12,316	238	345	238	345
<b>Prior attainment</b>					
Primary	Primary pupils identified as not achieving the expected level of development in the early years foundation stage profile (EYFSP)	1,187		1,192	
Secondary	Pupils not achieving the expected standard in Key Stage 2 at either reading, writing or maths		1,801		1,811
<b>English as an additional Language</b>	EAL eligible pupils who started school within the last 3 years	599	1,608	604	1,619
<b>Mobility</b>		974	1,400	979	1,405
<b>Sparsity</b>		57,941	84,222	58,249	84,633
<b>Lump Sum</b>	Flat rate per school	138,385	138,385	147,246	147,246

\*Note: the 2024-25 rates represent the values for Portsmouth schools based on the national NFF rates plus the area cost adjustment of 1.01472.

<sup>7</sup> Includes the Area Cost Adjustment of 1.01479

**Appendix 3: Local Authority Pro-forma (APT) 2025-26**

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Local Authority Funding Reform Proforma

LA Name:	Portsmouth
LA Number:	851

Primary minimum per pupil funding level	Secondary (KS3 only) minimum per pupil funding level	Secondary (KS4 only) minimum per pupil funding level	Secondary minimum per pupil funding level	Disapplication number where alternative MPPL values are used
£4,955.00	£6,221.00	£6,831.00	£6,465.00	

Pupil Led Factors

1) Basic Entitlement Age Weighted Pupil Unit (AWPU)	Reception uplift	No		Pupil Units		0.00		Total	Proportion of total pre MFG funding (%)	Notional SEN (%)	
	Description	Amount per pupil		Pupil Units		Sub Total					
	Primary (Years R-6)	£3,904.00		15,769.00		£61,562,176		£123,793,483	35.86%	6.00%	
	Key Stage 3 (Years 7-9)	£5,502.00		6,491.00		£35,713,482			20.80%	6.00%	
	Key Stage 4 (Years 10-11)	£6,203.00		4,275.00		£26,517,825			15.45%	6.00%	
2) Deprivation	Description	Primary amount per pupil	Secondary amount per pupil	Eligible proportion of primary NOR	Eligible proportion of secondary NOR	Sub Total	Total	Proportion of total pre MFG funding (%)	Primary Notional SEN (%)	Secondary Notional SEN (%)	
	FSM	£502.00	£502.00	5,067.00	4,095.00	£4,599,324	£23,518,882	13.70%	20.00%	20.00%	
	FSM6	£1,076.00	£1,578.00	5,151.00	4,234.00	£12,223,728			20.00%	20.00%	
	IDACI Band F	£238.00	£345.00	1,919.02	1,265.24	£893,236			20.00%	20.00%	
	IDACI Band E	£289.00	£457.00	2,303.46	1,567.01	£1,381,822			20.00%	20.00%	
	IDACI Band D	£452.00	£644.00	302.22	198.47	£264,419			20.00%	20.00%	
	IDACI Band C	£497.00	£705.00	1,553.55	1,066.57	£1,524,047			20.00%	20.00%	
	IDACI Band B	£528.00	£756.00	1,263.46	965.85	£1,397,288			20.00%	20.00%	
	IDACI Band A	£695.00	£964.00	912.12	623.54	£1,235,018			20.00%	20.00%	
3) English as an Additional Language (EAL)	Description	Primary amount per pupil	Secondary amount per pupil	Eligible proportion of primary NOR	Eligible proportion of secondary NOR	Sub Total	Total	Proportion of total pre MFG funding (%)	Primary Notional SEN (%)	Secondary Notional SEN (%)	
	EAL 3 Primary	£604.00		2,416.10		£1,459,322	£2,717,748	1.34%	0.00%		
	EAL 3 Secondary		£1,619.00		521.17	£843,782			0.00%	0.00%	
4) Mobility	Description	Primary amount per pupil	Secondary amount per pupil	Eligible proportion of primary NOR	Eligible proportion of secondary NOR	Sub Total	Total	Proportion of total pre MFG funding (%)	Primary Notional SEN (%)	Secondary Notional SEN (%)	
	Pupils starting school outside of normal entry dates	£979.00	£1,405.00	232.10	133.39	£414,644		0.24%			
5) Low prior attainment	Description	Weighting	Amount per pupil (primary or secondary respectively)	Percentage of eligible pupils	Eligible proportion of primary and secondary NOR respectively	Sub Total	Total	Proportion of total pre MFG funding (%)	Primary Notional SEN (%)	Secondary Notional SEN (%)	
	Primary low prior attainment		£1,192.00	33.40%	5,267.19	£6,278,487	£11,542,069	6.72%	100.00%		
	Secondary low prior attainment (year 7)	57.71%		27.51%							
	Secondary low prior attainment (year 8)	55.77%		28.19%							
	Secondary low prior attainment (year 9)	54.47%	£1,811.00	27.70%	2,906.45	£5,263,582					100.00%
	Secondary low prior attainment (year 10)	54.47%		26.01%							
	Secondary low prior attainment (year 11)	64.53%		25.53%							

Other Factors

Factor	Lump Sum per Primary School (£)	Lump Sum per Secondary School (£)	Lump Sum per Middle School (£)	Lump Sum per All-through School (£)	Total (£)	Proportion of total pre MFG funding (%)	Notional SEN (%)
6) Lump Sum	£147,246.00	£147,246.00			£8,245,776	4.80%	
7) Sparsity factor	£58,249.00	£84,633.00	£84,633.00	£84,633.00	£0	0.00%	

Rows 45 to 48 are populated with the NFF methodology, please leave this as is if you wish to follow the NFF. As per the Operational Guidance, the distance thresholds can be increased or the year group size thresholds decreased and the distance threshold taper is optional. An alternative method of allocation to the NFF's average year group size taper can be chosen: the continuous taper (Tapered) or fixed sum (Fixed). Examples of each are provided in the Operational Guidance.

Primary distance threshold (miles)	2.00	Primary pupil number average year group threshold	21.40	Apply primary distance taper	Yes	NFF, tapered or fixed sparsity primary lump sum?	NFF
Secondary distance threshold (miles)	3.00	Secondary pupil number average year group threshold	120.00	Apply secondary distance taper	Yes	NFF, tapered or fixed sparsity secondary lump sum?	NFF
Middle schools distance threshold (miles)	2.00	Middle school pupil number average year group threshold	69.20	Apply middle school distance taper	Yes	NFF, tapered or fixed sparsity middle school lump sum?	NFF
All-through schools distance threshold (miles)	2.00	All-through pupil number average year group threshold	62.50	Apply all-through distance taper	Yes	NFF, tapered or fixed sparsity all-through lump sum?	NFF

8) Fringe Payments	Basic eligibility funding	£54,799.00	Fringe multiplier	1.0000	£0	0.00%	
9) Split Sites			Distance funding rate		£27,399.00	0.00%	
10) Rates					£1,407,951	0.82%	
11) PFI funding					£194,054	0.11%	

Circumstance	Total (£)	Proportion of total pre MFG funding (%)	Notional SEN (%)
Additional lump sum for schools amalgamated during FY24-25	£103,072	0.06%	0.00%
Additional sparsity lump sum for small schools	£0	0.00%	
Exceptional Circumstance3	£0	0.00%	
Exceptional Circumstance4	£0	0.00%	
Exceptional Circumstance5	£0	0.00%	
Exceptional Circumstance6	£0	0.00%	
Exceptional Circumstance7	£0	0.00%	

<b>Total Funding for Schools Block Formula (excluding minimum per pupil funding level and MFG Funding Total)</b>	<b>£171,523,035</b>	<b>99.92%</b>	
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13) Additional funding to meet minimum per pupil funding level	£139,277	0.08%	
<b>Total Funding for Schools Block Formula (excluding MFG Funding Total)</b>	<b>£171,662,312</b>	<b>100.00%</b>	

14) Minimum Funding Guarantee	0.00%	£323,638	
Where a value less than -0.5% or greater than 0% has been entered please provide the disapplication reference number authorising the value			
Apply capping and scaling factors? (gains may be capped above a specific ceiling and/or scaled)		No	
Capping Factor (%)		Scaling Factor (%)	
Total deduction if capping and scaling factors are applied		£0	
MFG Net Total Funding (MFG + deduction from capping and scaling)		£323,638	0.19%
<b>Total Funding for Schools Block Formula</b>		<b>£171,985,950</b>	<b>£23,673,454</b>
Notional SEN	Top-up - proportion of NOR	2.22%	SEN support plus EHCP minus Top-up - proportion of NOR
			15.75%
			Notional SEN funding per eligible pupil
			£4,819

High Needs threshold (only fill in if, exceptionally, a high needs threshold different from £6,000 has been approved)		
Additional funding from the high needs budget	£0.00	
Growth fund (if applicable)	£110,000.00	
Falling rolls fund (if applicable)		

Other Adjustment to 24-25 Budget Shares	£0	
<b>Total Funding For Schools Block Formula (including growth and falling rolls funding)</b>	<b>£172,095,950</b>	
% Distributed through Basic Entitlement	72.11%	
% Pupil Led Funding	94.12%	
Primary: Secondary Ratio	1 :	1.37

25-26 NFF NDR allocation, excluding prior year adjustments	£1,407,951	
<b>Total Funding For Schools Block Formula (including growth and falling rolls funding) after deduction of 25-26 NFF NDR allocation</b>	<b>£170,687,999</b>	

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**Appendix 4 - Special School, Inclusion Centre, and Alternative Provision Places 2025-26**

<b>Special School Place 2025-26</b>		
<b>Special School</b>	<b>Apr 25 to Aug 25</b>	<b>Sept 25 to Mar 26</b>
Mary Rose Academy	188	188
Cliffdale Primary Academy	216	216
Redwood Park Academy	160	160
<b>Solent Academies Trust Total</b>	<b>564</b>	<b>564</b>
The Harbour School	95	95
The Wymering School	66	66
<b>Total Delta Education Trust Places</b>	<b>161</b>	<b>161</b>
<b>Total Special School Places</b>	<b>725</b>	<b>725</b>
<b>Additional places agreed and paid locally</b>		
Mary Rose Academy	0	0
Cliffdale Primary Academy	0	0
<b>Total additional places</b>	<b>0</b>	<b>0</b>
<b>Total Special school places</b>	<b>725</b>	<b>725</b>

<b>Inclusion Centre and Alternative Provision Places 2025-26</b>		
<b>Inclusion Centre</b>	<b>Apr 25 to Aug 25</b>	<b>Sept 25 to Mar 26</b>
Devonshire Infant	10	10
Southsea Infant	8	8
St Edmunds	9	9
<b>Total Maintained Schools</b>	<b>27</b>	<b>27</b>
Victory Primary	23	23
Northern Parade Junior	2	0
Milton Park Primary	16	16
Trafalgar	15	20
Penbridge (Penhale Infant and Newbridge Junior)	24	24
The Portsmouth Academy	24	32
Arundel Court Primary	24	24
<b>Total Academies</b>	<b>128</b>	<b>139</b>
New Inclusion Centres opening September 2025		16
<b>Total Inclusion Centre Places</b>	<b>155</b>	<b>182</b>
<b>Alternative Provision</b>		
The Harbour School	105	105
Flying Bull Primary Academy	24	28
Flying Bull Primary Academy (inc. 4 Emergency Places) <sup>1</sup>	8	4
<b>Total Alternative Provision Places</b>	<b>137</b>	<b>137</b>

<sup>1</sup> Paid locally by the Authority.

## **Appendix 5: Early Years Provider Consultation 2025-26**

### **Early Years Funding 2025-26 Consultation**

#### **1. Background**

- 1.1. In previous years the Department for Education (DfE) has not released Early Years funding information until mid-December, making it difficult for Portsmouth to engage with Early Years providers over the holiday period to meet statutory deadlines.
- 1.2. This year Portsmouth is consulting with providers on the proposals for the 2025-26 funding formula before the announcement of the hourly rates payable to local authorities from the DfE. This will enable providers to have more time to consider the proposals and submit their views. The responses will then inform the proposals taken to Schools Forum and Cabinet Member for endorsement and approval in early 2025.
- 1.3. It should be noted that as the 2025-26 hourly rates have not yet been published by the DfE this consultation is looking at the percentage split of the funded hourly rate across the formula elements. The final formula will be subject to change dependant on the outcome of the consultation.

#### **2. Early Years funding 2025-26**

- 2.1. On the 24 October the DfE informed local authorities of two changes to the local rules which they expect to apply from April 2025.
  - The pass-through rate to providers will increase from 95% to 96%
  - That all local authorities are required to inform their providers of the 2025-26 rates no later than 28 February 2025. Portsmouth Schools Forum and Cabinet Member meetings have been timed to ensure this deadline is met.
- 2.2. It is assumed that there will be no changes to the current entitlements:
  - universal 15 hours entitlement for all three- and four-year-olds
  - additional 15 hours entitlement for eligible working parents of three- and four-year-olds
  - 15 hours entitlement for disadvantaged two-year-olds.
  - 15 hours entitlement for eligible working parents of two-year-old children, moving to 30 hours from September 2025.
  - 15 hours entitlement for eligible working parents of children from nine months to two years old, moving to 30 hours from September 2025.

#### **3. Pupils with Special Educational Need and Disabilities**

- 3.1. Early years providers have seen increasing numbers of pupils with Special Educational Needs and Disabilities (SEND) that require additional support to

meet their needs. The authority has been considering the range of support that is being offered and how funding can be focused where it is needed and reflects the different levels of need.

- 3.2. The support for pupils with SEND is currently funded from two sources:
  - 3.2.1. **Early Years Block:** Special Education Needs and Disabilities Inclusion Fund (SENDIF Emerging). Provides a termly lump sum for two terms to support pupils on low and emerging levels of need.
  - 3.2.2. **High Needs Block:** Special Education Needs and Disabilities Inclusion Fund Plus (SENDIF+) Provides an additional hourly rate for pupils who require more specialist support.
- 3.3. The authority is considering how it can better support pupils with the highest levels of need from the High Needs Block and will provide further information in 2025. This consultation focuses on the Early Years Block and Early Years Funding Formula for the financial year April 2025 to March 2026.
- 3.4. The current SENDIF Emerging funding methodology pays providers a lump sum per term for two terms. This means that funding could cease when the pupil may still benefit for the additional support. Whilst the authority has paid funding for additional terms it requires the provider to submit another claim, making the process administratively burdensome for providers.
- 3.5. It is proposed that providers will continue to receive the funding until the child leaves the setting or needs are reassessed. This could be a child no longer needing support due to high levels of progress or the child and setting needing more specialist support from the High Needs Block.
- 3.6. In addition to the extension of the payment period, it is proposed to change the lump sum values to reflect the expectation that more pupils are/will be taking up the 30-hour entitlement in 2025-26. It is hoped that this will give providers more flexibility to manage the support requirements in their settings.
- 3.7. The current Early Years Funding Formula for all age groups provides approximately £126,000<sup>2</sup> of funding to providers. It is expected that the extension of payments for more than one term and the changes to the lump sum will increase funding to providers to approximately £300,000.
- 3.8. The tables in the sections below show the proposed percentage of the hourly rate that will be transferred to the SENDIF, please note that the percentage is

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<sup>2</sup> This fluctuates in line with the number of hours recorded on the January census

different for each age group as it reflects the 2024/25 hourly rate for each age group that benefit from the funding.

#### 4. Funding to Early Years settings 2025-26

##### 4.1. Three- and four-year-olds, universal and additional hours entitlements.

4.1.1. The Table below shows the percentage split of the hourly funded rate from the DfE for 2024-25 and the proposed split for 2025-26.

<b>Table 1: Three and Four-year-old funding formula</b>			
	<b>2024-25 Percentage split</b>	<b>2025-26 Percentage split</b>	<b>Variation</b>
Basic hourly rate paid to providers	89.7%	90.0%	0.3%
Deprivation average hourly rate	3.3%	3.3%	0.0%
SENDIF Emerging	0.7%	1.5%	0.8%
Growth contingency fund	1.0%	0.8%	-0.2%
Teacher Pay and Pension Grant (see Section 4.2)	0.5%	0.5%	0.0%
<b>Total funding passed to settings</b>	<b>95.1%</b>	<b>96.0%</b>	<b>0.9%</b>
Centrally retained	4.9%	4.0%	-0.9%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.0%</b>

#### Deprivation

4.1.2. Deprivation remains a mandatory supplement for three- and four-year-olds. The Council is proposing to continue to use the current deprivation indices based on pupil IDACI3. It is anticipated that Deprivation rates will remain at the same values as 2024-25, to enable the authority to maximise the amount paid through the basic hourly rate.

<b>Table 2: Deprivation funding 2025-26</b>	
<b>Deprivation Band</b>	<b>Funding per hour £</b>
1	0.45
2	0.34
3	0.22
4	0.11
5	0.00

<sup>3</sup> Income Deprivation Affecting Children Index.

## 4.2. Teachers pay and Teacher Pension Employer Contributions Grants (TPPG)

- 4.2.1. In 2023-24 the DfE changed the methodology for paying the Teachers Pay and Teachers Pension Employer Contributions Grant (TPPG) to those mainstream school providers with a nursery unit. Eligible schools previously received this as a separate grant which is funded on an amount per pupil. In 2023-24 the DfE brought the grant into the Early Years block of the DSG and Portsmouth has been paying this as a supplement to the formula, to those schools that received the grant in 2022-23.
- 4.2.2. In 2024-25, £0.03 of the hourly rate received was retained by the authority to continue to pay the grant on the same basis as 2023-24.
- 4.2.3. For 2025-26 it is proposed to continue to retain £0.03 of the hourly rate received by the authority to pay the grant on the same basis. This will be reviewed on receipt of the funding and the October Schools census information.
- 4.2.4. The ESFA announced in October an Early Years Budget Grant (EYBG) to provide additional funding to cover the increased costs associated with the Teacher's pay award for school-based providers. This covers the period September 2024 to March 2025. It is not known at this stage if funding will continue in 2025-26 or if it will become part of the Formula funding to the authority. This will be reviewed on receipt of the guidance in December 2024.

## 4.3. Two-year-old, current and new working parents' entitlements 2025-26

- 4.3.1. The Table below shows the percentage split of the hourly funded rate from the DfE for 2024-25 and the proposed split for 2025-26.

	<b>2024-25 Percentage split</b>	<b>2025-26 Percentage split</b>	<b>Variation</b>
Basic hourly rate paid to providers	94.6%	94.9%	0.3%
SENDIF Emerging	0.4%	1.0%	0.6%
Growth contingency fund	0.0%	0.1%	0.1%
<b>Total funding passed to settings</b>	<b>95.0%</b>	<b>96.0%</b>	<b>1.0%</b>
Central retained funding	5.0%	4.0%	-1.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.0%</b>

#### 4.4. Under 2s entitlements 2025-26

4.4.1. The Table below shows the percentage split of the hourly funded rate from the DfE for 2024-25 and the proposed split for 2025-26.

	<b>2024-25 Percentage split</b>	<b>2025-26 Percentage split</b>	<b>Variation</b>
Basic hourly rate paid to providers	94.7%	95.0%	0.3%
SENDIF Emerging	0.3%	0.8%	0.5%
Growth contingency fund	0.0%	0.2%	0.2%
<b>Total funding passed to settings</b>	95.0%	96.0%	1.0%
Central retained funding	5.0%	4.0%	-1.0%
<b>Total</b>	100.0%	100.0%	0.0%

#### 5. Growth contingency

- 5.1. The DfE have previously confirmed that local authorities can hold contingency funds for in-year growth above the funded pupil numbers. This will be counted within the 96% pass-through rate because the money is eventually shared with providers.
- 5.2. For the financial year 2025-26 Portsmouth City Council will initially be funded on the January 2024 hours. There is a risk that as the year progresses that the actual hours will exceed the funding received by the authority.
- 5.3. For 2024-25 the authority was funded for two-year-old and the under 2s of working parents through a termly head count which reduced the need for a growth contingency. It is not known at this stage if the DfE will hold autumn term head count to cover any fluctuation in pupil hours due to the expansion of the entitlement of pupils of working parents to 30 hours.
- 5.4. Analysis of the use of the contingency over the last three years has shown that the three- and four-year-old contingency has been used to offset overspends in two-year-olds. Rather than increase the level of Growth Contingency in 2025-26 it is proposed to retain the same overall amount of funding but spread the contributions across all age groups. The age group funding formulas set out in the tables above show the percentage change. The position on the Growth Contingency will be reviewed each year to consider any changes in methodology and actual attendance compared to the funding received.

## 6. Centrally retained

- 6.1. The authority can retain up to 4% of the Early Years Block funding to support the early years functions. Whilst it is a reduction in the retention percentage the increase in entitlements has enabled the authority to retain a level of funding that enables the support to providers continue. It is proposed that in 2025-26, the 96% pass-through requirement will apply separately to the entitlements for:
- nine months old children up to two-year-olds of working parents
  - two-year-old children of working parents
  - two-year-old children from disadvantaged families
  - three- and four-year-olds (universal and additional hours).
- 6.2. The retention of the 4% will enable the authority, through the early years team, to continue to support providers with quality assurance, business support, training, advice, signposting parents to find childcare places, inclusion outreach, funding issues, eligibility checks and synergy trouble shooting during open tasks. Additional support will be required to administer the new entitlements both in terms of increasing sufficiency and administering the funding to providers.
- 6.3. Therefore, it is proposed that the 4% retention will be applied to all funding formulas as set out in tables 1, 3 and 4.

## 7. Next steps

- 7.1. The feedback provided from this consultation will inform the report to Schools Forum and Cabinet Member early in 2025 to set the hourly rates for two-year-olds and under, and three- and four-year-olds for 2025-26.
- 7.2. When responding to the consultation please be aware that your response may be shared in the public domain, e.g., via a Freedom of Information request, therefore please don't share information that may be commercially sensitive, or you would not want shared more widely.
- 7.3. To respond to the consultation, please complete the attached document and return to [EYfunding@portsmouthcc.gov.uk](mailto:EYfunding@portsmouthcc.gov.uk)
- 7.4. Responses should be returned no later than midnight **Friday 20 December 2024**.

### Feedback from the 2025-26 Early Years Funding formula

Question	Total Yes	Total No	Total N/A
<p><b>1. Do you agree with the proposed 2025-26 funding formula for three and four year olds, as set out in Table 1?</b></p>	17	4	1
<p><b>If not, what would you change?</b></p>			
<p>SENDIF+ funding hourly rate doesn't cover a member of staffs hourly rate even at minimum wage which means when we appoint a one to one support for these children, we have to pay the top up which we don't agree with, it means we are out of pocket from the word go. NEG funding isn't enough, preschools like us rely on paying parents otherwise we would never be sustainable. With all the new funding coming out we will have a lot more funded children and a lot less paying children. It isn't possible to cover costs across the board!</p>			
<p>Increase funds</p>			
<p>I note that PCC are still retaining the maximum they are allowed to by the DfE – whilst I understand you have some overheads to maintain, you are now retaining 4% of a much bigger pot, which will increase your centrally retained budget significantly – this money is intended for the front line and delivery of early years care.</p> <p>With the disastrous budget and the huge increased costs to nurseries from the increase in NLW and employer's NI contributions, this is going to have a huge financial hit on nurseries already struggling to deliver the underfunded government 'free' hours. NI is increasing from 13.8% to 15% and the threshold is reducing from £9,100 per staff member to £5,000. Furthermore, NLW is increasing from between 6.7% to 18%, whereas the DfE are proposing an increase of around 4% on the funding rates – where do they expect us to find the extra money from, other than increasing the cost of childcare for parents – something we know the Government are not in favour of. There has been no consideration given to how nurseries are going to manage these increased costs, with no ability to reduce staffing, unless we reduce child numbers and no concessions on business rates. I would have hoped, therefore, that PCC would have considered passing more than the minimum 96% on to providers and I will raise this with our rep to raise at the schools forum. I also do not agree with an additional grant going to maintained nursery schools for 'Teachers' pay and pensions – all providers offer the same level of care and high quality staffing and would therefore appreciate an additional grant in order to increase our staff salaries and pension contributions. The difference between the maintained nursery and private sector pay, greatly impacts on recruitment and retention within the sector.</p>			



Due to the amount of funded children, we have and with increases with national insurance and national minimum wage the funding rates which the department of education set are not enough, without knowing exactly what we will be getting in April 2025 I cannot agree with Portsmouth City Council centrally retaining 4%.

I would agree if we were allowed to charge parents the difference per hour for providing the childcare for example our funding rate is £5.50 per hour based on the 22 hours as we stretch the funding we charge £8.40per hour for a school day, we are all ready losing £2.90per hour, per child on a 7.5 hour day that is £21.75 per child per day based on 30 children that is £652.00 per day my setting is losing due to the funding.

The funding rates need to be higher for this age group.

Responding to the above email I am happy with the amounts.

With the extra £100+ million allocated in the DSG this year to schools I'd like to see this fed down to help nurseries, we are not sheltered from the increase in NI contributions or business rates. We pay our own pension contributions and our costs have gone up continuously for years. Teachers have been given a pay rise and this is something I would love to be able to do for our staff who already feel undervalued. To do this we need to be able to access every penny we can and be treated fairly. If money and staff training is available to nursery aged children, then this helps them on their start in education which in turn helps every year in school afterwards. We need a proactive approach not a reactive one by over financing the wrong end of their education.

Question	Total Yes	Total No	Total N/A
<b>2. Do you agree with the proposed 2025-26 funding formula for two year olds, as set out in Table 3?</b>	17	4	1

**If not, what would you change?**

SENDIF+ funding hourly rate doesn't cover a member of staffs hourly rate even at minimum wage which means when we appoint a one to one support for these children, we have to pay the top up which we don't agree with, it means we are out of pocket from the word go. NEG funding isn't enough, preschools like us rely on paying parents otherwise we would never be sustainable. With all the new funding coming out we will have a lot more funded children and a lot less paying children. It isn't possible to cover costs across the board!

**Increase funds**

I note that PCC are still retaining the maximum they are allowed to by the DfE – whilst I understand you have some overheads to maintain, you are now retaining 4% of a much bigger pot, which will increase your centrally retained budget significantly – this money is intended for the front line and delivery of early years care.

With the disastrous budget and the huge increased costs to nurseries from the increase in NLW and employer's NI contributions, this is going to have a huge financial hit on nurseries already struggling to deliver the underfunded government

‘free’ hours. NI is increasing from 13.8% to 15% and the threshold is reducing from £9,100 per staff member to £5,000. Furthermore, NLW is increasing from between 6.7% to 18%, whereas the DfE are proposing an increase of around 4% on the funding rates – where do they expect us to find the extra money from, other than increasing the cost of childcare for parents – something we know the Government are not in favour of. There has been no consideration given to how nurseries are going to manage these increased costs, with no ability to reduce staffing, unless we reduce child numbers and no concessions on business rates. I would have hoped, therefore, that PCC would have considered passing more than the minimum 96% on to providers and I will raise this with our rep to raise at the schools forum. I also do not agree with an additional grant going to maintained nursery schools for ‘Teachers’ pay and pensions – all providers offer the same level of care and high quality staffing and would therefore appreciate an additional grant in order to increase our staff salaries and pension contributions. The difference between the maintained nursery and private sector pay, greatly impacts on recruitment and retention within the sector.

Although the rate is £8.49 2024-2025 we don’t yet know what next year’s rate is and like what I have written above we have huge increases with our outgoings, we are not allowed to charge parents additional fees to top up what we lose per hour on a child’s place which if we could then I may agree to the 4% centrally retaining

Responding to the above email I am happy with the amounts.

With the extra £100+ million allocated in the DSG this year to schools I’d like to see this fed down to help nurseries, we are not sheltered from the increase in NI contributions or business rates. We pay our own pension contributions and our costs have gone up continuously for years. Teachers have been given a pay rise and this is something I would love to be able to do for our staff who already feel undervalued. To do this we need to be able to access every penny we can and be treated fairly. If money and staff training is available to nursery aged children, then this helps them on their start in education which in turn helps every year in school afterwards. We need a proactive approach not a reactive one by over financing the wrong end of their education.

<b>Question</b>	<b>Total Yes</b>	<b>Total No</b>	<b>Total N/A</b>
<b>3. Do you agree with the proposed 2025-26 funding formula for under 2's as set out in Table 4</b>	17	3	2

**If not, what would you change?**

N/A we take children from as soon as they turn 2 years old.

Increase funds

I note that PCC are still retaining the maximum they are allowed to by the DfE – whilst I understand you have some overheads to maintain, you are now retaining 4% of a much bigger pot, which will increase your centrally retained budget significantly – this money is intended for the front line and delivery of early years care.

With the disastrous budget and the huge increased costs to nurseries from the increase in NLW and employer’s NI contributions, this is going to have a huge financial hit on nurseries already struggling to deliver the underfunded government ‘free’ hours. NI is increasing from 13.8% to 15% and the threshold is reducing from £9,100 per staff member to £5,000. Furthermore, NLW is increasing from

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Although the rate is £11.59 2024-2025 we don't yet know what next year's rate is and like what I have written above we have huge increases with our outgoings, we are not allowed to charge parents additional fees to top up what we lose per hour on a child's place which if we could then I may agree to the 4% centrally retaining

Responding to the above email I am happy with the amounts.

With the extra £100+ million allocated in the DSG this year to schools I'd like to see this fed down to help nurseries, we are not sheltered from the increase in NI contributions or business rates. We pay our own pension contributions and our costs have gone up continuously for years. Teachers have been given a pay rise and this is something I would love to be able to do for our staff who already feel undervalued. To do this we need to be able to access every penny we can and be treated fairly. If money and staff training is available to nursery aged children, then this helps them on their start in education which in turn helps every year in school afterwards. We need a proactive approach not a reactive one by over financing the wrong end of their education.

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