

APPENDIX 5

DEALING WITH THE SCHOOLS' BUDGET IN 2025/26

1. **Background:** There will be a normal increase in the Gwynedd schools' quantum this year, as the Council (unlike some local authorities) funds inflation, pay increments, and demography.
2. **Inflation:** The schools' budget will increase by **£3.1m** this year for inflationary increases, including teachers' pay and pension inflation. This will cover the cost of teachers' 5.5% pay increase for the 5 months April – August, which is the full year effect of the September 2024 pay agreement, and the cost of an estimated further increase of 3% for the September 2025 pay agreement (for the 7 months September 2025 – March 2026). The increase in non-teaching staff costs for April 2024 and an estimate of 3% for April 2025 is also included.
3. **National Insurance:** There will be a **£1.9m increase** in employer national insurance cost, following the UK Government's announcement to increase the employer rate from 13.8% to 15.0%, along with reducing the threshold to £5,000.
4. **Teachers' Pension:** There was a 5% increase in teachers' pension employer contribution rate from April 2024. A specific grant has been received from the Welsh Government during 2024/25 to fund the increase, with the grant transferring to the settlement for 2025/26.
5. **Staff Pay Increments:** £474k will be added towards the budget for 2025/26 to deal with increments and a reduction of (£134k) for staff turnover.
6. **Demography (pupil numbers):** The schools' budget will reduce this year due to the usual "demography" adjustments, resulting from changes in pupil numbers. The actual number of pupils in September 2024 will be used to calculate 2025/26 allocations. The situation varies from school to school, but overall, the impact of decreasing pupil numbers means that the schools' budget will reduce (£643k), which includes a reduction of (£415k) for the Primary sector and a reduction of (£228k) for the Secondary sector. Individual schools will expect an increase / decrease in their allocations proportionate to the change in pupil numbers in the schools.

7. **Savings and Cuts:** Following implementing cuts of £1.966m in 2023/24 and 2024/25, there are no plans to implement further savings on schools in 2025/26.
8. **Education Specific Grants:** It appears that specific grants from Welsh Government will continue in Education in 2025/26 following the same distribution method as 2024/25.
9. **Overall Conclusion:** Having taken all the above factors into account, the schools' budget will be higher in 2025/26 than in 2024/25.