



**Committee and Date**

Item

**Cabinet**

**12<sup>th</sup> February 2025**

Public



## Shropshire Schools Funding Formula 2025-26

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| <b>Cabinet Member (Portfolio Holder):</b> | Kirstie Hurst-Knight |

### 1. Synopsis

- 1.1 Considering the recommendations of the Schools Forum and aligned to the Education and Skills Funding Agency (ESFA) operational guidance on schools revenue funding, approval is sought from Cabinet for the proposed Shropshire Schools Funding Formula 2025-26.

### 2. Executive Summary

- 2.1. In November 2024 the Education and Skills Agency (ESFA) published the school revenue guidance for local authorities and schools forums. The guidance confirmed the arrangements for distributing funding through the national funding formula (NFF) for schools, high needs and central services to schools.
- 2.2. At their meeting on 22 January 2018, Cabinet approved the recommendation from Shropshire Schools Forum to replicate the NFF, through Shropshire's local funding formula, which means 2025-26 will be the eighth year of the NFF being applied to the funding of the county's schools and academies.
- 2.3. The ESFA require the proposed formula for 2025-26 to be politically approved. This paper therefore sets out the proposals, agreed by the Shropshire Schools Forum on 12 December 2024 and 23 January 2025, for Cabinet approval.

### 3. Recommendations

- 3.1. That Cabinet accept the recommendation of Shropshire Schools Forum (as outlined in Appendix A and B) on the funding formula for Shropshire schools for the financial year 2025-26 for maintained schools, and the academic year 2025-26 for academies.

## Report

### 4. Risk Assessment and Opportunities Appraisal

- 4.1. The Secretary of State for Education announced in September 2017 planned changes to the school funding arrangements for 2018-19 and future years, placing a requirement on local authorities to formally consult with their maintained schools and academies on the schools funding formula to be applied in their local authority area.
- 4.2. Shropshire schools were consulted in the Autumn term 2017 on the basis for distributing the Schools Block of the Dedicated Schools Grant (DSG) to Shropshire schools and academies. Following this consultation Shropshire Schools Forum recommended, and Cabinet agreed, the distribution of individual school budgets for 2018-19 and future years would be aligned with and mirror the transitional NFF announced by the Government in July 2017.
- 4.3. Local authorities continue to have responsibility for determining their local funding formulas for allocating the Schools Block to their individual schools in 2025-26. As in the current financial year 2024-25 it will be compulsory for local authorities to include the national minimum per pupil funding levels in their local formulas for 2025-26.
- 4.4. The Government has confirmed plans to move to a 'direct' NFF in the future, which will determine school funding allocations directly, rather than through local funding formulae. There is currently no indication from the Government as to when this will take place.
- 4.5. At their meetings on 12 December 2024 and 23 January 2025, Shropshire Schools Forum considered the specific arrangements for 2025-26, with a view to these arrangements being approved by Cabinet at their meeting in the Spring term, in line with ESFA guidance.
- 4.6. The proposed school funding formula, in complying with the Government guidelines, does not present any identified risks either to the local authority or schools.

## 5. Financial Implications

- 5.1. The school funding formula is used to determine how part of the Council's DSG allocation, in particular the Schools Block, is distributed to Shropshire maintained schools and academies. The individual school 'budget shares' determined by the formula represent a significant proportion of the annual revenue funding for maintained schools for the financial year, and funding for academies for the academic year.
- 5.2. The funding for maintained schools is distributed through the local authority, while the ESFA uses the formula to allocate funding directly to Shropshire's academies and the county's one free school.

## 6. Climate Change Appraisal

- 6.1. There are no anticipated climate change implications from the proposals within this report, though the authority continues to work with school leaders, governors and trustees on the opportunities for applying carbon reduction measures in the operation of their schools.

## 7. Background

- 7.1. The latest guidance on schools revenue funding arrangements for 2025-26 was published by the ESFA in November 2024.
- 7.2. For 2025-26, the following key elements of the schools NFF will apply:
  - The minimum per pupil funding levels will be set at £5,661 for primary schools and £6,829 for secondary schools. These levels were £5,273 and £6,375 respectively in 2024-25. The increase includes an additional £388 for primary and £454 for secondary to cover the additional teachers' pay and pension costs that were previously funded through the separate grants. The minimum per pupil funding levels are not to be confused with the age weighted pupil units (AWPU) funding levels within the NFF.
  - 2019 data from the Income Deprivation Affecting Children Index (IDACI) has been used in place of 2015 data. The basis on which pupils are assigned to the seven IDACI bands has changed - they are now assigned based on rank rather than score. For example, Band A now consists of pupils in the most deprived 2.5% of lower super output areas (LSOAs), instead of consisting of pupils in LSOAs with an IDACI score greater than 0.5.
  - Growth funding will be based on the same methodology as last year and will have the same transitional protection ensuring that no authority whose growth fund is reducing will lose more than 0.5% of its 2024-25 growth fund allocation.

- Each year the local authority ask the ESFA to mitigate the reduction for historic commitments funding as part of their Central Schools Services Block DSG allocation. We are awaiting confirmation of this request of ££841,344.
- Shropshire Schools Forum has a statutory consultative and advisory role in respect of school funding, while the responsibility for determining and approving the funding formula rests with the local authority. Schools Forum considered a paper on the School Funding Arrangements 2025-26 at their meeting on the 12th December 2024 – a copy of the report is appended to this report (Appendix A). A further update was provided to Schools Forum on the 23rd January 2025 (Appendix B), confirming the affordability of applying the NFF and making a transfer to the High Needs Block.

7.3 In addition to applying the NFF factor values and weightings, Schools Forum agreed the following:

- To transfer any remaining balance, up to 0.5% of the Schools Block, into the High Needs Block after fully funding individual schools in line with the NFF.
- Outcome – it will be possible to transfer 0.24% (£547,218) of the Schools Block into the High Needs Block after fully funding schools in line with the NFF.
- Shropshire's allocation followed NFF factor values provided in the APT for 2025-26.

## 8. Additional Information

8.1 Additional funding will be received in the High Needs Block to support the management of the cumulative deficit on that block.

## 9. Conclusions

9.1. Cabinet is recommended to approve the schools funding formula for 2025-26 that delivers funding to Shropshire schools and academies through the application of the NFF formula factors and weightings.

### **List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)**

Schools revenue funding 2025-26 - Operational Guide: [Schools operational guide: 2025 to 2026 - GOV.UK](#)

Schools Forum Website: [Schools Forum Website — Shropshire Council](#)

**Local Member:** All Members

## **Appendices**

Appendix A – Paper B – Schools Funding Arrangements 2025-26 – 12 December 2024

Appendix B – Paper B – Update to Schools Funding Arrangements 2025-26 – 23 January 2025

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