

Schools Forum

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Venue: (MS) Teams

Paper

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Public

Schools Funding Arrangements 2025-26

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Summary

Known details of the Government's recent funding announcements for 2025-26 for schools, including high needs and early years, were provided to Schools Forum in November 2024.

This report details specific local funding arrangements from April 2025 for consideration and agreement by Schools Forum in relation to:

- the potential transfer of funding between blocks

Recommendation

Schools Forum is recommended to consider and agree the specific funding arrangements from April 2025 as detailed within this report, specifically:

- Schools Forum is asked to agree the recommendation 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.

REPORT

Background

1. In July 2017, the Government announced the introduction of a national funding formula (NFF) for allocating the Schools Block of the Dedicated Schools Grant (DSG) to local authorities from April 2018.
2. Local authorities, in consultation with their schools and Schools Forum, continue to have some local flexibility on the basis for distributing funding to schools through the National funding formula in 2025-26. It remains the Government's intention to fund all schools nationally via the NFF in the future.
3. Following consultation with Shropshire schools and Schools Forum, Shropshire's local formula for distributing the Schools Block to individual schools and academies has mirrored the NFF since 2018-19.



4. Schools Forum members are asked to consider and agree specific arrangements for 2025-26 as detailed within this report. Shropshire Council's Cabinet will make a final decision on the school funding arrangements for 2025-26 in February 2025.

Update to the schools NFF for 2025-2026

On 07 October 2024 the LA received a brief update on the Schools Funding Arrangements for 2025-26, which indicated that due to timing of the general election, the publication of the notional schools and high needs national funding formula (NFF) allocations for 2025-26 was delayed. On 28 November 2024 the LA received the NFF allocations.

Along with the guidance, the Government has published provisional local authority level allocations for 2025-26 for the schools and high needs blocks within the DSG and notional 2025-26 national funding formula school level allocations.

School Revenue Funding Arrangements 2025-26

The actual primary unit of funding (PUF) and secondary unit of funding (SUF) which will be used to calculate each local authority's schools block allocation has been published for 2025-26. For Shropshire these equate to £5,661 per pupil and £6,829 per pupil, respectively. As a comparison, in 2024-25 Shropshire's PUF was £5,273 and SUF was £6,375.

These units of funding will be applied to pupil numbers recorded in the October 2024 school census to determine final schools block allocations for 2025-26. These will be issued to local authorities slightly later than usual given the delay from DfE.

In 2025 to 2026, each local authority will continue to set a local schools funding formula, in consultation with local schools. To ensure a smooth transition towards the direct NFF, local authorities will continue to be required to bring their own formulae closer to the schools NFF. As a reminder, Shropshire has mirrored the NFF in its local schools funding formula since 2018-19.

The main features in the schools NFF for 2025-26 are:

- the basic entitlement values, FSM6 values, the lump sum and the minimum per pupil funding values have increased to reflect the rolling in of the three separate pay and pensions grants from 2024 to 2025: TPAG, TPECG and CSBG.
- a further increase has then been applied to these same factors to cover the remaining costs of the 2024 teachers' pay award in mainstream schools, so that the full 12 months of salary costs are fully funded at a national level
- on top of this, a further overall increase has been applied to school- and pupil-led factors, as well as to the split sites factor



- through the minimum per pupil funding levels, every primary school will attract at least £4,955 per pupil, and every secondary school at least £6,465 per pupil
- the funding floor will be “cash flat” at 0% so that schools will be protected from per pupil cash reductions in their pupil-led funding
- the only structural changes being made to the NFF in 2025 to 2026 are in relation to the PFI factor, which are detailed in the policy document

The guidance has been updated to help LA’s review their notional SEN budget calculations and to help schools understand what the notional SEN budget is for.

All LA’s should review this calculation each year alongside their local formula to make sure that their schools’ notional SEN budget is a realistic amount for meeting the costs of additional SEN support up to £6,000 per pupil, noting that any shortfall in this notional budget for particular schools where a standardised calculation does not work can be met from additional high needs targeted funding.

High needs top-up funding should be allocated in addition to the notional SEN budget for SEN support costs in excess of £6,000 per pupil. [The notional SEN budget for mainstream schools: operational guidance 2025 to 2026 - GOV.UK](#)

High Needs Funding Arrangements 2025-26

In 2025 to 2026, high needs funding is increasing by a further £1 billion to help local authorities and schools with the increasing costs of supporting children and young people with SEND. Most of this increase will be allocated through the high needs NFF, which sees a 9% increase in funding:

- the funding floor will be set at 7% – so that every local authority sees a per-head increase in funding of at least this level – with gains capped at 10%
- pay and pensions funding- including the core schools budget grant – for special schools and AP will continue to be allocated outside of the NFF, through a separate grant to local authorities

Central school services funding

The main features of central school services funding in 2025 to 2026 are:

- the total provisional funding for ongoing responsibilities is £342 million in 2025 to 2026. No local authority will see a reduction in per pupil funding for central services of more than minus 2.5% – which is the same protection as in 2024 to 2025.



- the total funding for ongoing responsibilities includes an additional £4 million to be allocated to local authorities to compensate them for increases in copyright licenses costs

Funding for historic commitments continues to be reduced in 2025-26 by 20% from local authorities' 2024-25 allocations. As in 2024-25, historic commitments funding will be protected from dropping below the total value of ongoing prudential borrowing or termination of employment costs, based on evidence received by the department.

Transfer of Funding between Blocks

5. The Schools Block remains ringfenced in 2025-26 but local authorities retain limited flexibility to transfer up to 0.5% of their Schools Block funding into another block with approval of Schools Forum. To transfer an amount above 0.5%, approval would need to be sought from the Secretary of State for Education
6. In previous financial years (apart from 2023-24 and 2024-25 due to affordability), Shropshire Schools Forum approved a transfer up to 0.5% of the Schools Block to the High Needs Block to support the growing pressures on the high needs budget. Agreement was given to transfer remaining Schools Block budget (up to 0.5%) after fully funding schools in line with the NFF each year, including transitional protections and caps. Balances of £784,000 (0.49%), £397,000 (0.25%), £842,000 (0.5%) and £876,218 (0.5%) and £949,077 were transferred to the High Needs Block in previous years.
7. For 2025-26 due to increased cost pressures within the High Needs funding it is our intention to transfer up to 0.5% of the Schools Block budget into the High Needs Block, should this be available after funding schools in line with the NFF.
8. Until the October 2024 school census data is run through the NFF for 2025-26 for individual schools, it is not possible to confirm if there will be any Schools Block balance remaining in next financial year. October 2024 census data will be made available to the local authority in mid-December and work will take place through January 2025 to calculate individual school budget shares for 2025-26 mirroring the NFF factor values.
9. Schools Forum is asked to agree the recommendation 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.

