

Schools Forum

Date: 23 January 2025

Time: 8.30 to 10.30

Venue: Via Microsoft (MS)
Teams

Paper

B

Public

Update to School Funding Arrangements 2025-26**Responsible Officer**Sam Bradley email: Samantha.bradley@shropshire.gov.uk Tel: 01743 256411**Summary**

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 December 2024.

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

- the potential transfer of funding between blocks

Recommendation

Schools Forum is recommended to note the specific funding arrangements from April 2025 as detailed within this report and that these will be recommended to the Shropshire Council Cabinet for approval at the meeting on the 12th February 2025.

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.



- 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.

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.

Comparison below is based on the difference between 24-25 and 25-26 funding.

25-26 Post MFG Budget	24-25 Post MFG Budget	Increase to budget from 24-25 to 25-26	% Increase
£222,586,325	£209,066,275	£13,520,050	6.47%
<p><i>Notes:</i> Shropshire's allocation followed NFF factor values provided in the APT.</p> <p>Difference in budgets will also be due to a movement in the NOR, therefore you cannot compare budgets from year to year if the NOR has changed.</p>			

147 funded schools
20 secondary schools
127 primary schools

Overall

- Funding in the DSG Schools Block increased by 6.47% (£13,520,050) in Shropshire from 24-25 to 25-26
- 12 schools received an increase of 5.18% to 20.0%
- 91 schools received an increase of 0.02% to 3.74%
- 44 schools received a reduction of between -0.00% and -14.67% (5 of these had a reduction of -4.42% to -14.67%)



School Funding Arrangements for 2025-26

The latest guidance on schools revenue funding arrangements for 2025-26 was published by the ESFA in November 2024.

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.

Premises funding will continue to be allocated at local authority level based on actual spend in 2024-25, with an RPI increase to the PFIX factor only.

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.

As well as 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 has been possible to transfer 0.25% (£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.

Affordability of the Funding Formula

5. The Schools Block of the DSG is allocated to local authorities based on a primary unit of funding (PUF) and a secondary unit of funding (SUF). Shropshire's 2025-26 PUF is £5,661 and SUF is £6,829. These units of funding will be multiplied by the total October 2024 school census numbers on roll in Shropshire and added to Shropshire's historic spend on premises factors to give a total Shropshire Schools Block allocation for distribution to schools through the local funding formula.
6. Work completed to date on the APT is demonstrating that the NFF is affordable and we will be able to fund schools in line with the NFF.

Transfer of Funding between Blocks

7. 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.

8. 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.
9. Following from 2024-25 into 2025-26 and increased cost pressures within the High Needs funding, as agreed by Schools Forum on the 12th December 2024, it is our intention to transfer up to 0.5% of the Schools Block budget into the High Needs Block.
10. Work completed to date on the APT demonstrates that 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.

Cabinet will be asked to recommend approval of the Shropshire schools funding formula for 2025-26 that delivers funding to Shropshire schools and academies through the application of the NFF formula factors and weightings on 12 February 2025.

