

Appendix 1 - Setting the Schools Funding Formula 2025/26

1. The Schools Forum is required to make a recommendation to Children and Families Committee on the funding formula to allocate funding to schools for the next financial year.
2. The Schools Forum meeting on 20 June 2024 considered the approach to the 2025/26 funding formula. They agreed to retain the existing sub-group to consider the issues in more detail and consult with schools.
3. The sub-group met on four occasions (19 September, 24 October, 6 November and 28 November 2024) to consider the issues for schools and ran a consultation process from 11 to 22 November 2024.
4. The consultation process considered two minimum funding guarantee options, three options for a transfer from the Schools Block to the High Needs Block and two options for the Notional SEN funding formula.
5. Schools were asked to feed back their views via an online survey, with the results being summarised in a report for consideration by Schools Forum representatives at the meeting on 5 December 2024.
6. At the meeting 11 representatives voted for the lower MFG limit and two representatives voted for the upper MFG limit. 10 representatives supported a 0.5% transfer to High Needs, with one of these also supporting a 0.75% transfer. Three representatives did not support a transfer to High Needs. 10 representatives voted for the SEN funding formula without basic need and three representatives voted for the SEN funding formula including basic need.
7. The feedback was considered and the Forum recommended MFG at the lower limit, a +0.5% transfer from schools to high needs block and to adopt the Notional SEN funding formula using 100% Low Attainment, 50% FSM and FSM6, 25% IDACHI for 2025/26 to Children and Families Committee.

Available Funding Levels

8. The final DSG funding allocations for 2024/25 were used to inform the modelling work used in the consultation process. These were used due to the change in the timeline this year as a result of the timing of the general election.
9. These figures provided indicative allocations for each of the options that were being consulted on. All the modelling for the consultation used October 2023 pupil numbers and the existing NFF factors for 2024/25.

10. The recommended model will be fully updated by the revised funding announcements from the DfE incorporating October 2024 pupil information that were released on 17 December 2024. These confirmed the additional number of pupils and the local growth factor and increased schools funding by 5.5% for 2025/26 to £307.4m.

Minimum per pupil funding levels

11. The compulsory MPPF figures have increased by 7.7%.

Change to Minimum Per Pupil Funding Levels	2024/25	2024/25	Change	Change
Primary	£4,610	£4,955	£345	7.5%
Secondary	£5,995	£6,465	£470	7.8%

The Formula Option for 2025/26

12. Two Minimum Funding Guarantee (MFG) formula options were consulted on. These were based on the same model using the national funding formula (NFF) plus area cost adjustment and all flexibility routed through the basic entitlement. Then two different levels of MFG were applied:

- MFG at the lower limit
- MFG at the upper limit

13. Three Block Transfer to High Needs options were consulted on:

- No block transfer
- 0.5% block transfer
- 0.75% block transfer

14. Two Notional SEN funding formulas were consulted on:

- 100% Low Attainment, 50% FSM and FSM6, 25% IDACHI
- 100% Low Attainment, 50% FSM and FSM6, 25% IDACHI, 1% Basic

Setting the minimum funding guarantee percentage

15. MFG is a self-funding method of ensuring no schools suffer significant reductions to funding levels by scaling back funding from those schools set to gain.

16. Therefore, any models needed to consider the achievement of the MFG percentage and the resulting scaling back percentage. Higher levels of MFG scaling are required with a higher MFG.

17. The Schools Forum voted to recommend a model with the lower MFG at -0.5%. In context the previous exercises have mostly led to the Schools Forum recommending the lowest MFG option available.

Block transfer to High Needs Block

18. The local formula allows a transfer of funds from the schools block to the high needs block providing that it has been agreed by Schools Forum up to 0.5%. Or by an approved disapplication (permission granted by the Secretary of State) if not agreed by Schools Forum or for an amount greater than 0.5% up to 0.75%.

19. The block transfer will reduce the funding available to schools and results in a scaling back percentage to be applied. Schools that received additional funding to meet the minimum per pupil levels will be protected so that they do not fall below this.

20. The Schools Forum voted to recommend a model with a 0.5% block transfer.

21. The DSG management plan includes a school block transfer of 0.75% in 2025/26 equivalent to an estimated £2.142m.

22. A disapplication has been approved to allow a block transfer of £2.142m (0.7%). Note funding allocations were higher so the percentage reduced due to the monetary amount remaining the same.

Notional SEN formula

23. The notional SEN formula has not been reviewed for a number of years. The notional SEN does not impact the funding that the school will receive. Its purpose is to give an indication of how much funding received by a school should be allocated toward SEN. It is intended as a guide for a school's spending decisions, rather than a target or constraint.

24. The DSG guidance states that the Notional SEN budget must be at least £1,800 per pupil. The review of the Notional SEN formula and proposed options ensure that we meet this criteria.

25. The Schools Forum voted to recommend the model with 100% Low Attainment, 50% FSM and FSM6, 25% IDACHI.

Growth Fund

26. The council is able to hold an element of schools funding back and use it to provide some extra funding to schools who have increased their admission

number in September or seen significant levels of in year pupil growth. This is called the Growth Fund.

27. The extra pupils are not funded through the main formula until the following year and the Growth Fund is intended to help schools manage the delay in receiving the formula funding.

28. Operational guidance also states that the growth fund should be held to fund pre-opening costs and diseconomy of scale allowance for new maintained schools and academies, when not funded directly by DfE.

29. The Growth Fund will be set at the full allocation (£0.8m). This was based on consideration of the medium term financial plans for the Growth Fund and the funding required for new schools in the near future.

Timetable

30. The following key stages of the process are followed:

Date	Event
17 December 2024	Final school and pupil funding announcements
22 January 2024	APT model submitted
10 February 2025	C&F Committee – determine formula
13 February 2025	Schools Forum receive final school funding levels
28 February 2025	Source of funds issued to schools

31. Full details of the process are available in [Schools Forum papers](#).

32. The other three funding blocks all follow the requirements of the specific funding guidance.