

BRIEFING PAPER FOR SCHOOLS FORUM

1.	Date of meeting:	13th December 2024
2.	Title:	School Funding Formula 2025/26 Consultation outcome
3.	Directorate:	Finance and Customer Services

1. PURPOSE OF THE REPORT

- 1.1 The purpose of this report is to inform the Forum of the outcomes of Part A of the Schools Funding Formula consultation for 2025-26. This report will confirm the changes to the funding formula that will form the basis of determining individual schools budgets. The confirmed schools funding formula must be submitted to the DfE by 22nd January 2025.

2. RECOMMENDATION(S)

- 2.1 That members of Schools Forum note the contents of this report.

REASON FOR RECOMMENDATION(S)

To ensure compliance with the School & Early Years Finance (England) Regulations 2017.

3. BACKGROUND INFORMATION

- 3.1 To comply with the DfE operational guidance, local authorities are required to consult with schools, academies & Schools Forum in respect of planned changes to the local funding formula including the method, principles and rules that are to be adopted. The final decisions in respect of the local formula remain with the local authority.
- 3.2 The Local Authority have been unable to set out, as it has in previous years, detailed proposals for the Rotherham mainstream funding formula. This is due to the delay in the announcements on the National Funding Formula (NFF) and published DSG allocations as a result of the general election.
- 3.3 In order to support local authorities in their budget planning work, a summary policy note was published on 05 November 2024, which detailed the structure of the schools NFF for 2025/26 and the funding factors and values that will be used in the NFF. The policy note can be found at:
<https://www.gov.uk/government/publications/pre-16-schools-funding-local-authority-guidance-for-2025-26/summary-policy-document-for-schools-national-funding-formula-2025-26>

3.4 A consultation exercise was undertaken in November 2024, which sought views on further changes to Rotherham’s local formula as well as the proposal to transfer funding from the schools’ block to the high needs block. (Covered in Schools Funding Formula Consultation paper 2025-26 – Part B).

4. CONSULTATION PROCESS

4.1 The following activities have taken place in respect of the consultation on the schools block and central schools services block;

- The consultation document was issued via e-mail on Thursday 14th November 2024 to all mainstream schools and academies.
- The consultation closed on Friday 24th November 2024
- Consultation responses have been analysed and are tabled in the appendices to this report.

4.2 A total of 62 academies and maintained schools responded to the consultation. This consisted of 56 primary schools and 6 secondary schools. Responses from Multi Academy Trusts (MAT) have been disaggregated to reflect the number of schools within the Trust (e.g A MAT with 6 schools is counted as 6 responses).

4.3 The table below shows the responses to the 2025/26 consultation. Further detail can be found in appendix A to this report.

Consultation Responses			
	Maintained	Academies	Total
Primary	5	51	56
Secondary	0	6	6
Total	5	57	62
Rotherham Total	20	92	112
Response Rate	25%	62%	55%

5. School block funding formula

5.1 Transition to a national funding formula

The structure of the Schools NFF will remain largely unchanged in 2025-26. The key changes include:

- Rolling in the Teachers Pay Additonal Grant (TPAG), the Teachers Pay Employer Contribution Grant (TPECG) and the Core Schools Budget Grant (CSBG) into the NFF.

- Changes to the PFI factor
- Technical changes to the split sites factor
- A further uplift to the NFF factor values

In addition to the funding allocated through the NFF, further funding will be provided in 2025-26 in respect of the increase in National Insurance contributions.

5.2 2025/26 Rotherham’s local funding formula proposed changes

Local Authorities that are not already mirroring the NFF will be required to move their factor values 10% closer to the NFF factor values. In 2024-25 Rotherham was aligned to most factor values and proposes to stay as closely aligned as the funding envelope allows in 2025-26 as set out in the following paragraphs.

5.3 Basic Entitlement (AWPU)

All LAs formulae must include a basic amount that every pupil attracts to their school. Funding is allocated through an ‘age-weighted pupil unit’ (AWPU) factor, with separate unit values for primary, KS3 and KS4. The AWPU rates are set by the NFF but can be determined locally by LAs in line with moving closer to the NFF.

In 2024-25 Rotherham’s AWPU values were aligned to the NFF. In 2025-26 Rotherham proposes to stay as closely aligned to the NFF as the allocation allows.

AWPU	RMBC 2024/25	NFF 2024/25	NFF 2025-26	% Change
Primary	£3,562	£3,562	£3,847	8%
KS3	£5,022	£5,022	£5,422	8%
KS4	£5,661	£5,661	£6,113	8%

5.4 Additional Needs

The 2025-26 NFF continues to reflect the Government’s policy of supporting schools with pupils with additional needs and ensuring that they get sufficient funding to tackle low attainment issues.

As in previous years, Rotherham proposes to continue to allocate funding through its local formula on a level consistent with the NFF. The following briefly explains the additional needs factors in the modelled formula for 2025-26

5.5 Deprivation Factor

The RMBC schools’ formula currently allocates funding via the Free School Meals-EVER6 and the 2019 updated IDACI data (income deprivation affecting children index).

For 2025-26 it is proposed to continue to align the per pupil unit values of the IDACI and the FSM-EVER6 factors to the NFF rate.

5.6 **Mobility Factor**

This factor supports schools where a proportion of pupils join the school part way through the year. To be eligible the proportion must be above the threshold of 6%.

In 2024-25 Rotherham was aligned to the values in the NFF and is proposing to stay aligned in 2025-26 by uplifting by £5 to mirror the provisional 2025-26 NFF values.

5.7 **Low Prior Attainment Factor**

Low Prior Attainment allocates funding to schools based on the following:

- proportion of primary pupils identifying as not achieving the expected level of development in early years foundation stage profile.
- and secondary pupils not reaching the expected standard in KS2 at reading, writing or maths.

The unit values for both primary and secondary phases have been uplifted in the NFF (£5 primary; £10 secondary).

In 2024-25 Rotherham was aligned to the NFF in its local formula and is proposing to uplift its local values by the same amounts to stay aligned in 2025-26.

5.8 **English as an Additional Language Factor (EAL)**

This factor allocates funding to schools with identified pupils with a first language other than English (for up to 3 years after they enter the statutory school system). Separate unit values apply to both the primary and secondary phases. The rates for 2025-26 have been uplifted in the NFF (£5 primary; £10 secondary).

In 2024-25 Rotherham was aligned to the NFF in its local formula and is proposing to uplift its local values by the same amounts to stay aligned.

5.9 **School-led funding factors**

These comprised the lump sum, premises (i.e., rates, split sites, PFI factor) and growth factors. The following outline the proposed approach to these factors for 2025-26

- **Lump Sum:** The lump sum factor allocates a standard funding to all schools irrespective of size or number on roll. The lump sum factor in the NFF has been increased to £145,100 from £134,400 for 2024-25.

It is proposed to uplift Rotherham's local lump sum factor value to reflect NFF – to stay aligned.

- **Premises factors:** these comprised the following: **business rates** and **PFI factor**. In the main these factors allocate funding to schools to cover actual cost incurred in the year (e.g., business rates) or to cover additional unavoidable contract cost (e.g., PFI contract). An inflationary uplift would be applied to the PFI factor consistent with the NFF.
- **Split Site factor:** In 2024/25 the NFF introduced a compulsory national formulaic approach to split site funding. The factor is made up of 2 parts:
 - **basic eligibility funding:** schools attract a lump sum payment for each of their additional eligible sites (max 3 sites)
 - **distance funding:** eligible sites that are separated from the school's main site by more than 100 metres (by road distance) attract distance funding on top of the basic eligibility funding (max 3 sites).

The basic eligibility criteria for split sites funding requires additional sites to:

- be part of the main school, that is, to share the same unique reference number (URN) with the school's main site.
- be separated from the school's main site by a public road or railway
- have a building on them which is maintained by the school, and which is primarily used for the education of 5 to 16- year-old pupils in mainstream education. This excludes playing fields, 'ancillary buildings and buildings leased out full time by the school to another entity.

The provisional NFF funding for split sites in 2025-26 is £81,000 and it is proposed to include this in the RMBC local formulae following the announcement of allocations at the end of November.

6. Minimum Funding Guarantee (MFG)

The MFG is a national requirement to protect schools from major real time funding reductions to their per pupil funding between years. It is set by the council following consultation with schools and the schools forum, within a range set by the government. For 2025-26 the Government has **confirmed a range of -0.5% to 0%**.

It is proposed for 2025-26 Rotherham adopts 0% for its MFG to ensure that no schools in the borough see a reduction in its per pupil funding on a like-for-like basis.

Q1 : Do you support the proposal to set the minimum funding guarantee (MFG) within the local funding formula at 0% for 2025-26?

Consultation response:

Of the total responses representing 62 schools 100% voted in favour of the proposal.

LA Response:

For 2025-26, the Council would look to set the Minimum Funding Guarantee (MFG) for its local school funding formula at 0%.

7. Pupil Growth

In accordance with Government requirements, the pupil growth fund is to meet basic need and will be for the benefit of both maintained schools and academies.

Under the current formula arrangements school & academy budgets are to be based on pupil numbers as at the October pupil census. If a school admission limit is increased from September 2024 due to expansion, interim financial support to bridge the gap is necessary to cover the period September to March (or September to August for academies).

Q2 : Do you agree that in 2025/26 a growth fund of £150k is provided and will be funded from the DSG Allocation?

Consultation Response:

71% of the total 62 schools voted Yes and the remaining 29% voted No to the proposal.

LA Response:

The growth fund provides revenue funding to schools / academies to cover the additional costs of increased class sizes and school places (to address demand for places). Growth funding has been included by the DfE in the schools block funding for this purposes.

Based on this the Council would top slice the sum of £150k from the schools funding formula to be allocated to the relevant schools or academies that have agreed with the LA an increase in their numbers or PAN. Such allocation would be in accordance with the Growth Policy agreed by the Schools Forum. Actual payments would be reported to the Forum with any underspend maintained in the DSG reserve.

7.2 Falling Rolls

Similar to the Growth Fund, it is proposed a Falling Rolls Fund is maintained by Rotherham. Funding would be distributed to eligible schools on the basis of observed differences between primary and secondary numbers on roll within each medium super output area (MSOA) between the most recent October census and the census in the previous October.

Local Authorities continue to have discretion over whether to operate a falling rolls fund to be used to support specific schools where school capacity data (SCAP) shows that school places will be required in the subsequent three to five years.

Q3 : Do you agree that the Local Authority should continue to provide for a falling rolls fund of £50k? It is proposed the fund will be provided from the DSG allocation.

Consultation Response:

93.5% of the total 62 responses voted Yes to the proposal and the remaining 6.5% voted No.

LA Response:

The demographic data on birth rates in the borough predict that schools will continue to see a fall in pupil numbers which is unlikely to recover until the end of the decade. It is important that the LA is able to support schools to ensure their financial sustainability. Therefore, the LA will continue to maintain / operate a fallings roll fund of £50k through top slicing of the 2025-26 Schools Block allocation.

8. Name and contact details

Louise Keith
Principal Finance Officer (Schools Finance)
Tel: 01709 822042
email louise.keith@rotherham.gov.uk

Joshua Amahwe
Head of Finance (CYPS)
Tel: 01709 910148
Email: joshua.amahwe@rotherham.gov.uk