

**Consultation on schools funding formula
changes for 2025/26**

**Closing date for responses: Wednesday 27th
November 2024**

About this consultation

This consultation paper sets out the latest position from the Department for Education (DfE) and Rotherham Metropolitan Borough Council (RMBC) with regard to school funding for 2025/2026.

Unlike previous years, the DfE have not yet published draft operational funding guidance and indicative national funding formula allocations for local authorities and schools for 2025/26. Nor have they issued detailed funding model to support local authorities in modelling the impact of funding changes for 2025/26.

However, 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>

The DfE plan to publish detailed NFF allocations for schools and local authorities and all supporting documents on the NFF (including the schools operational guide and NFF technical note), for 2025/26, by the end of November 2024. The dedicated schools grant (DSG) allocations will then be confirmed in December 2024.

This consultation is based on the modelling work carried out using the council's 2024/25 schools local funding formula but updated to reflect proposed funding factors for 2025/26 as provided in the published DfE summary policy note. The consultation seeks the views of primary and secondary schools and academies on the following:

- Changes to the funding arrangements and the formula for allocating budgets to schools, i.e. funding factors and unit values and applicable minimum funding guarantee used in the formula, to align as closely to the NFF.
- the proposal to transfer funding (0.5%) from the Schools Block to the High Needs Block to help alleviate the financial pressures within the high needs funding block of the schools' system.

The views of schools and academies provided through this consultation will be fed back to the Rotherham Schools Forum on 13th December 2024.

Who is being consulted?

- Maintained schools / academies.
- Multi-academy trusts
- Schools forum reps

Issue date

The consultation was issued on 14th November 2024

Responding to the consultation

To help us analyse the responses please complete the attached template and email it to the following address: louise.keith@rotherham.gov.uk

Deadline

The consultation closes on **Wednesday 27th November 2024 at 5pm**

Enquiries

If you have any questions about this consultation, please contact Louise Keith.

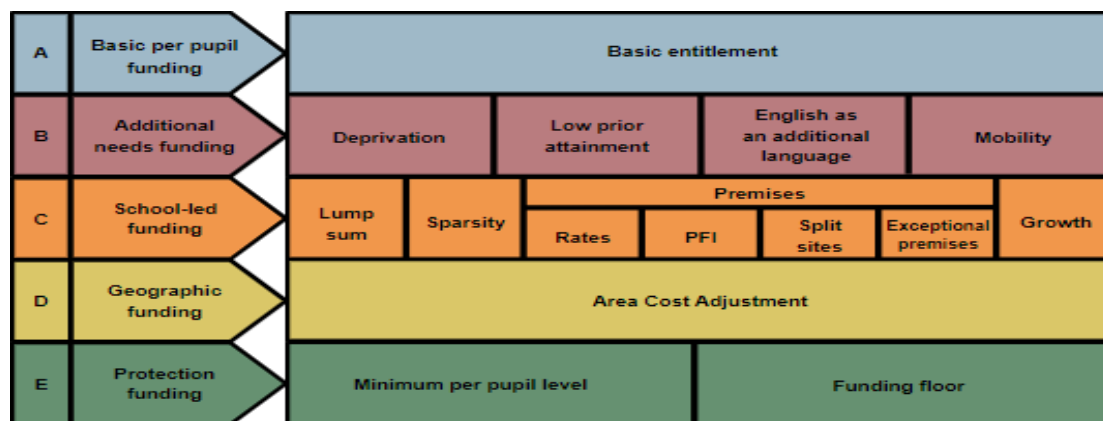
Email: louise.keith@rotherham.gov.uk

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Consultation Part A

Features of the 2025-26 National Funding Formula

There will be no substantial changes to the NFF for 2025-26. The 2025-26 schools NFF will use the same factors as the 2024-25 NFF. These are shown below:



The Individual NFF factors for 2025-26 will operate in the same way as 2024-25 except for some changes to the PFI factor. These changes include:

- providing pro-rata funding when a PFI contract is coming to an end in the financial year (such that funding is only provided for the part of the year when the contract is still in place)
- setting conditions that local authorities would need to meet to receive above-inflation increases in PFI funding (with the expectation that these would be the exception). The default expectation will be that previous years' PFI funding through the NFF will be increased by the Retail Prices Index excluding mortgage interest payments (RPIX) measure of inflation.
- For mainstream primary and secondary maintained schools, the Core Schools Budget Grant (CSBG), Teachers Pay Additional Grant (TPAG) and Teachers Pensions Employer Contribution Grant (TPECG) will all be incorporated into core funding from April 2025. Mainstream academies will similarly see these grants incorporated into core funding from September 2025. Appropriate adjustments have been made to the NFF factor values and baselines to reflect this and are shown in the table below.

Table 1: Provisional factor values in 2025 to 2026				
	2024/25 NFF	Rolled in grants	CSBG uplift	Provisional 2025/26
Basic per pupil funding				
Basic entitlement				
Primary basic entitlement	£3,562	£213	£51	£3,847
Key stage 3 basic entitlement	£5,022	£300	£71	£5,422
Key stage 4 basic entitlement	£5,661	£339	£80	£6,113
Minimum per pupil				
Primary minimum per pupil funding	£4,610	£257	£62	£4,955
Secondary minimum per pupil funding	£5,995	£350	£83	£6,465
Additional needs funding				
Deprivation				
Primary free school meals (FSM)	£490	£0	£0	£495
Secondary FSM	£490	£0	£0	£495
Primary free school meals Ever 6	£820	£188	£45	£1,060
Secondary FSM6	£1,200	£277	£68	£1,555
Primary IDACI A	£680	£0	£0	£685
Primary IDACI B	£515	£0	£0	£520
Primary IDACI C	£485	£0	£0	£490
Primary IDACI D	£445	£0	£0	£445
Primary IDACI E	£285	£0	£0	£285
Primary IDACI F	£235	£0	£0	£235
Secondary IDACI A	£945	£0	£0	£950
Secondary IDACI B	£740	£0	£0	£745
Secondary IDACI C	£690	£0	£0	£695
Secondary IDACI D	£630	£0	£0	£635
Secondary IDACI E	£450	£0	£0	£450
Secondary IDACI F	£340	£0	£0	£340
Low prior attainment (LPA)				
Primary LPA	£1,170	£0	£0	£1,175
Secondary LPA	£1,775	£0	£0	£1,785
English as an additional language (EAL)				
Primary EAL	£590	£0	£0	£595
Secondary EAL	£1,585	£0	£0	£1,595
Mobility				
Primary mobility	£960	£0	£0	£965
Secondary mobility	£1,380	£0	£0	£1,385
School-led Funding				
Lump sum				
Primary lump sum	£134,400	£8,006	£1,915	£145,100
Secondary lump sum	£134,400	£8,006	£1,915	£145,100
Sparsity				
Primary sparsity	£57,100	£0	£0	£57,400
Secondary sparsity	£83,000	£0	£0	£83,400
Premises				

Split sites	£80,600	£0	£0	£81,000
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Table 1 above shows the provisional unit values of each factor in the NFF for 2025 to 2026. The column 'Rolled in grants' sets out the rolled in value of the 3 grants from 2024 to 2025 (TPAG, TPECG and CSBG). The column 'CSBG uplift' sets out the additional funding rolled into the baseline to reflect the full year cost of the 2024 teachers' pay award.

As in previous years, local authorities will remain responsible for determining final allocations to schools, in consultation with the schools forum.

From 2025-26 the local authority flexibility to increase the pupil number count for schools with higher reception pupil numbers in the January 2025 census, rather the October 2024 census will be removed.

There will also be some technical adjustments made to the operation of the minimum funding guarantee (MFG) whereby split sites and PFI funding will be excluded from the MFG calculation.

Provisional Dedicated Schools Grant (DSG) 2025/26 LA allocations

Total core funding for schools is expected to increase by £1.3bn in 2025/26 and would cover the following: the full year effect of the teachers' pay grant allocated to schools (which would be rolled into DSG together with other pay / pension grants); per pupil increase in schools NFF; and increases to the pupil premium.

Unlike previous years, the DfE have not yet published indicative national funding formula allocations for local authorities and schools for 2025/26. Nor have they issued detailed funding model to support local authorities in modelling the impact of funding changes for 2025/26.

The detailed NFF allocations for schools and local authorities and all supporting documents on the NFF for 2025/26 is expected to be published by the end of November 2024. However, to inform the consultation and planning, high level modelling has been undertaken to estimate the level of schools funding for Rotherham for 2025/26 – see table below.

RMBC schools block funding	2024/25	Estimated 2025/26*	% change
Pupil number (October 2023 census)	40,128	40,128	-
Schools NFF allocation (£m)	243.7	259.4	6.4%
Adjust for rolled in grants (£m)	14.3	-	
Adjusted schools block funding	258.0	259.4	0.5%

The above **funding estimates for 2025/26** have been derived based on the council's 2024/25

schools local funding formula but updated to reflect proposed funding factors for 2025/26 as provided in the published DfE summary policy note.

It must be emphasised that these are indicative estimates to inform the consultation only, as final 2025/26 allocations would not be confirmed till December 2024. Therefore, it is likely that some of the assumptions and proposals put forward in this consultation may change following actual confirmation of funding – in order to ensure affordability.

Also, the funding estimates are based on October 2023 census pupil count numbers / characteristics and will require finalising once the October 2024 pupil census information is known.

2025/26 Rotherham’s local funding formula proposed changes

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%

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

- **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.

- **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.

- **Low Prior Attainment Factor**

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

1. proportion of primary pupils identifying as not achieving the expected level of development in early years foundation stage profile.
2. 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.

- **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.

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:

1. **basic eligibility funding:** schools attract a lump sum payment for each of their additional eligible sites (max 3 sites)
2. **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.

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.

Question 1: do you support the proposal to set the minimum funding guarantee (MFG) within the local funding formula at 0% for 2025-26?

Pupil Growth

From 2024/2025 local authorities have been required to provide growth funding where a school or academy has agreed with the local authority to provide an extra school places (e.g. additional or bulge classes or increase in PAN) to meet basic need in the area. A growth policy has been developed (and agreed by the schools Forum) that sets out the funding criteria and how the funding would be determined or calculated.

It is proposed that the pupil growth fund is established by top slicing from the schools block funding and for this to be managed outside the local funding formula by the local authority in conjunction with the schools forum. The amount to be top sliced is based on the projected additional school places required and commitments agreed with specific schools /

academies. Any under/overspend on the growth fund forms part of the overall DSG balances.

It is proposed that the Growth Fund amount to be top sliced from the 2025/26 school block funding be set at £150k and for this to be used to support specific schools providing additional places.

Question 2: Do you agree that in 2025/2026 a growth fund of £150k is provided and will be funded from the DSG Allocation?

Falling Rolls Fund

Funding will be allocated to local authorities in 2025/26 on the basis of falling rolls as well as growth and will be distributed on the basis of the reduction in pupil numbers that local authorities experience each year

Local authorities will continue to have discretion over whether to operate a falling rolls fund. It is proposed that the Falling Rolls amount to be top-sliced from the 2025/26 allocation be set at £50,000. This funding will 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. This SCAP requirement replaces previous guidance that funding may only be used where local planning data shows that the surplus places will be needed within the next 3 financial years.

Question 3: 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 Part B

Introduction

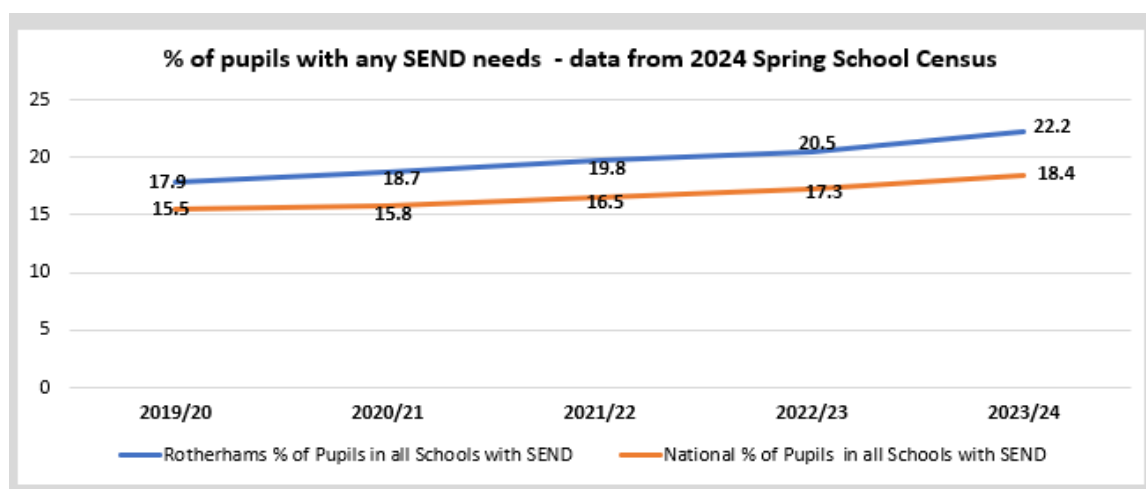
The context of Rotherham’s SEND/High needs budget alongside many other local areas, is one of rising demand, cost pressures (inflationary increases), and an increasing accumulated budget deficit. A cumulative DSG deficit of £3.2m is currently projected by year end (net of £1.3m Safety Valve funding from the DfE). This cumulative forecast deficit is inclusive of the in-year deficit of £3.0m currently projected for 2024/25.

A deficit of £2.2m is currently projected for 2025/26, which is inclusive of the proposed 0.5% transfer from the Schools Block and £2m in Safety Valve income from the DfE. This projected deficit takes account of the increase in high needs funding allocation as announced by the Government.

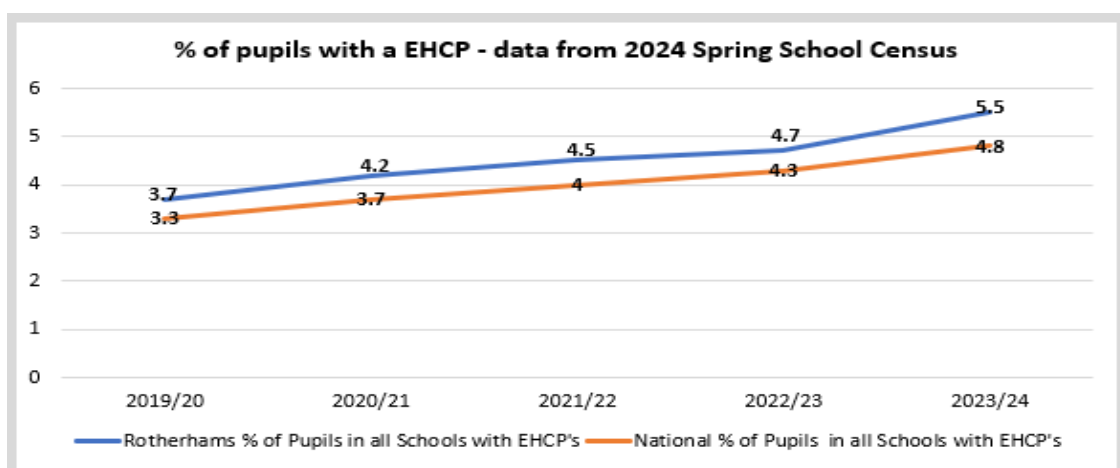
It is the intention of the Council to consult on the proposal to transfer 0.5% of the 2025/26 schools’ block funding to the high needs block (on a similar basis as in 2024/25). The transferred funding (estimated at £1.3m) will be used to mitigate in-year budget pressures within the high needs block. The decision to redirect from the Schools Block would only take place where the DSG High Needs DSG Block allocation is not deemed sufficient to fund the estimated costs in 2025/26 and to continue to keep Rotherham on track to meet its Safety Valve requirements.

Demand challenges

There are currently 45,763 Children & Young People attending Rotherham’s Schools (Rotherham school census January 2024). A total of 22.2% of Rotherham’s statutory aged pupils have either a statutory plan for Special Educational Need or Disability (SEND), known as an Education Health Care Plan (EHCP), or are receiving SEND support. This compares to an average of 18.4% across all England Authorities.



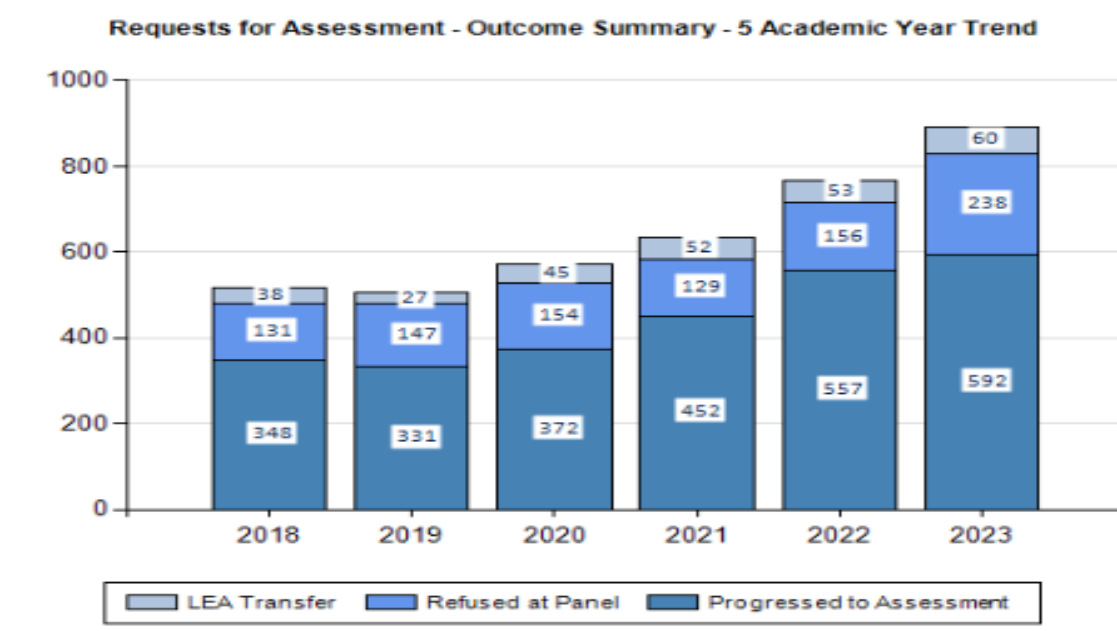
5.5% of Rotherham’s statutory aged pupils have an Education Health Care Plan (EHCP) compared to an average of 4.8% nationally.



As at the SEN2 census date in January 2024, Rotherham had 3,310 active EHCP’s in place for all children and young people 0-25yr old. This is 425 more plans than the previous year’s return representing an increase of 14.7% and compared to a national increase of 11%. When comparing to similar neighbouring areas Rotherham is ranked 3rd out of 11 local authorities in relation to the number of active EHCP’s in place

Requests for an EHCP assessment continue to rise in Rotherham with a 72% increase since 2018. Over the past 12 months there has been a 16.1% increase in requests.

61% of all new requests to assess for an EHCP are from schools, with 30% from parents/carers and family members. These percentages have remained relatively flat since 2018.



Although the Council is creating additional specialist provision and has increased the number of SEND places in several resource provision, demand challenges continue to exist in meeting the complex needs of certain pupils locally in Rotherham.

The modelled forecast data suggests that there is an ongoing and increasing demand for support for children and young people with SEND and for those with EHCPs. If unmitigated, the cumulative DSG deficit would continue to rise.

Addressing the demand challenges

In response to the challenges set out above, the Rotherham SEND Sufficiency Strategy has been implemented. The Strategy sets out a clear and deliverable action plan to tackle these challenges and establish a more coherent, effective and sustainable system for commissioning education placements for SEND pupils. Among the key objectives of the Strategy is to reset the balance between local provision and placements outside of Rotherham, improving parental choice and the quality of the pupil's experience. The following highlight key developments or progress to date:

- Use of allocated DfE special provision capital resources to fund additional specialist places and expand existing provision where appropriate.
- Review of all specialist resource provision (range and number of places) to ensure they are meeting needs and current demand.
- Additional places created through the SEND sufficiency strategy in order to minimise the number of children placed in high-cost independent Sector Placements (through the annual review process).
- Ensure appropriate use of provision and avoid escalation of children and young people's needs by improving the governance around placement decisions.
- Post 16 planning and commissioning of SEMH places.
- Continue working with schools to maintain pupils in mainstream settings wherever possible.

The key objective of Rotherham's participation in the safety valve programme is ensuring that more children with special needs can be supported to stay in mainstream education in the borough. Rotherham involvement also allows appropriate SEND provision mapping in the borough to meet the Council's needs to continue to be developed and improve SEND outcomes.

SEND Sufficiency phase 4 has seen increases in resource provision places being provided in 7 schools, with this achieving the additional 100 places as set out within the Safety Valve agreement over the next two academic years. The small grant accessibility programme has been implemented across both mainstream and special schools to support inclusion for identified cohorts of SEND pupils.

A further phase of SEND Sufficiency will address incremental rises in demand for places across SEMH, alternative provision and support long-term sufficiency requirements at Newman School.

Addressing the financial challenges / sustainability

Since 2021, the Council has been implementing a Safety Valve agreement with the DfE. Under this agreement, the DfE has committed to paying the council £20.5m over five years to 2025/26. This funding is provided in annual instalments and is subject to continued satisfactory progress (via quarterly monitoring returns), in delivering the actions / measures set out in the DSG Management Plan.

Rotherham’s 2025/26 estimated allocation for the High Needs Block is £62.3m, an increase of 7% on our 2024/25 allocation. Although welcomed, the level of cost and demand pressures in the SEND system is such that a financial deficit (£2.2m) is projected for 2025/26 despite the increased high needs funding. The table below outline latest high needs budget projections for 2025/26, excluding the proposed 0.5% funding transfer:

High Needs Budget	£2025/26 £m
Forecast HN spend	64.568
Forecast HN funding allocation (plus 7%)	62.302
Forecast in-year deficit	2.266
Carry forward deficit (from 24/25)	3.258
Safety valve funding (DfE) payment	-2.000
Forecast year end DSG reserve deficit	3.524

The above forecast position for the high needs budget showed that a funding transfer is required from the schools block to mitigate increasing cost pressures and projected deficit position for 2025/26. A 0.5% funding transfer (£1.3m) would reduce the in-year forecast deficit position to £0.9m and the year end DSG reserve deficit to £2.2m.

The funding transfer (£1.3m) will be used to mitigate in-year pressures arising in the high needs block and to enable the Safety Valve to continue to work towards achieving a balanced position at the end of 2025/26.

Assessment of impact on individual schools

The Safety Valve Agreement signed and entered with the DfE includes a 0.5% funding transfer requirement from the schools block to the high needs budget for 2025/26 and underpins the financial plan to get the high needs to a sustainable position.

Using 2023 census figures and the estimated schools funding envelope (inclusive of the rolled in grants) for 2025-26, **appendix 1** models the estimated individual schools budget per school net of the proposed 0.5% transfer to the high needs block.

The modelling shows that by implementing a MFG of 0% and transferring 0.5% to the High Needs block, no schools will see a reduction in funding from their 2024-25 allocations.

Question 4: Considering the borough as a whole and to ensure support for the most vulnerable children & young people in the borough, do you support the LA's proposal to transfer 0.5% from the schools' block to the high needs block?