



## 4. Schools Funding Formula 2025-2026 – Schools Block

<b>Report to:</b>	Schools Forum
<b>Date of Meeting(s):</b>	16 January 2025
<b>Report of:</b>	Colette Dutton: Director Children and Families
<b>Contact Officer:</b>	Mark Rotheram – Strategic Finance Manager Kirsten Reid – Group Finance
<b>Summary:</b>	To provide details of the updated DSG allocations for 2025/26, including allocations per school
<b>Recommendation(s):</b>	For Schools Forum members to <ol style="list-style-type: none"><li>1 Sign off the formula and school level allocations for 2025-26</li><li>2 Agree the total growth fund for 2025-26</li><li>3 Agree the allocation of the Central School Service Block funding</li></ol>
<b>Implications:</b> What are the financial implications?  What are the staffing implications?	Contained within the report.  There are no currently identified staffing implications resulting from this report.
<b>Risks</b>	Contained within the report.

Please list any appendices:

Appendix 1 NFF rates for 2025-26 schools budget

Appendix 2 Revised schools allocations

## 1. School funding formula 2025-26

- 1.1 The LA will remain responsible for determining the local schools funding formula model to be used to distribute final delegated budget allocations to individual schools (referred to by the DfE as the National Funding Formula “soft” approach). Each authority’s process must ensure that there is sufficient time to gain political approval before the APT (authority proforma tool) deadline of the 22/01/2025.
- 1.2 Political ratification means approval in line with the authority’s local scheme of delegation, so this may be decisions made by the council cabinet, cabinet member or full council. At the meeting of the Wigan Council Cabinet on the 20/01/2022 Cabinet approved the delegation of future decisions to approve the School Funding formula model to the Portfolio Holder for Children and Families.
- 1.3 The Government is committed to implementing the direct National Funding Formula (NFF) and has published specific factor values for those LA’s using the NFF. It was agreed by Forum in 2018/19 that Wigan Council’s local formula should mirror the NFF factors and rates, and this has continued since.

## 2. Schools block

- 2.1 The NFF model for the schools block calculates an “indicative” budget for each individual school in their host Local Authority and the aggregated total of such forms the 2025/26 LA baseline schools block allocation. The schools block allocation is expressed as separate per pupil primary and secondary rates for each LA and includes funding for premises based on historic spend and growth on a formulaic basis.
- 2.2 The published allocation for 2025/26 is shown in the tables below. The first table shows the allocations before deductions and the second table after deductions. Please note that the Early Years Block and the High Needs Block allocations are explained in separate reports.
- 2.3 The 2024/25 comparative figures are taken from the 24/25 final baselines prepared by the ESFA and included in the APT for 2025/26. This includes an adjustment for £19,370,525 of additional grants rolled into the DSG allocation for schools in the LA.

Allocations before deductions	2024/25	2025/26
Schools Block	£264,178,827	£284,482,748
Central School Services Block	£1,032,793	£1,082,314
High Needs Block	£53,480,077	£58,448,169
Early Years Block	£39,229,105	£56,369,716
Total DSG Allocation	£357,920,802	£400,382,947

Allocations after deductions	2024/25	2025/26
Schools Block	£264,178,827	£282,645,860
Central School Services Block	£1,032,793	£1,082,314
High Needs Block	£53,480,077	£55,128,169
Early Years Block	£39,229,105	£56,369,716
Total DSG Allocation	£357,920,802	£395,226,059

2.4 The schools block allocation can be analysed as set out in the table below.

Analysis of schools block	Pupils	2024/25	Pupils	2025/26
Primary schools	25938	£133,114,335	25799	£143,462,048
Secondary schools	19580	£128,080,278	19543	£138,792,628
Growth		£1,252,493		£391,184
Total Schools Block after deductions		£262,447,106		£282,645,860
NNDR		£1,731,720		£1,836,888
Total		£264,178,827		£284,482,748

2.5 The number of pupils in primary and secondary schools has reduced from 2024/25 and this will have an impact on the funding of schools with fewer pupils. For the purposes of calculating Wigan's school

block allocation there are 139 fewer primary pupils, and 37 fewer secondary pupils based on the October 2024 census. Funding based on the October 2023 census numbers would have resulted in an additional allocation of £1.032m at the funding rates used to calculate the 25/26 allocations. This reduction in pupil numbers is distorting the impact of the year-on-year increase in funding rates.

- 2.6 The minimum funding guarantee (MFG) for schools will continue to provide protection and stability to school budgets, but local authorities will have the flexibility to set a local MFG rate between +0% and +0.5% per pupil. The mandatory minimum funding levels also will continue to apply to ensure that all schools receive a minimum amount of funding per pupil and any funding arrangement agreed by the Local Authority must ensure that this is protected.
- 2.7 The schools block is ring-fenced, but the LA is permitted to transfer up to 0.5% of the schools block funding allocated to other blocks (ie high needs) with the agreement of their Schools Forum. This position is reviewed year on year, the maximum amount of the Schools Block that can be transferred from the 2025/26 allocation, without need for a disapplication is £1,422,413. At the Schools Forum meeting on the 10/12/2024 it was agreed that **£750,000** should be transferred to the high needs block. This equates to 0.26% of the schools block

### 3. Budget allocations

- 3.1 At the December 2024 Forum meeting, members were presented with proposals setting out the key principles to be applied in setting the 2025/26 funding formula, together with indicative school level allocations.
- 3.2 Provided below is a summary of the key principles agreed at the meeting:
  - The NFF factors and associated values (including the Area Cost Adjustment) should be adopted.
  - The Minimum Funding Guarantee (MFG) should be maintained at the maximum 0.5%.
  - No capping and scaling should be applied.
- 3.3 The formula factors used in the allocations is attached at Appendix 1. Appendix 2 shows the agreed allocations revised for updated pupil numbers and built in growth factors.

## 4. Growth fund

- 4.1 Growth funding is allocated to local authorities using a formulaic method based on lagged growth data. The allocations are based on pupil data from the October 2024 census. In 2025/26 the growth funding is **£391,184**.
- 4.2 In October 2019 a report was presented to Schools Forum on Growth Funding, and it was agreed that our local method of allocation should be maintained until any changes are directed by the DfE. To summarise, Wigan Council's methodology is as follows:
- 'A school or academy can submit a business case where it has agreed with the authority to provide an extra class in order to meet basic need or where a school has increased its PAN in agreement with the authority. The business case will detail the additional costs to the school for this extra provision, and this will be cross referenced against an amount based on an additional per pupil AWPUP increase reflecting the proportion of the year which is not funded within the school's budget share. (The amount paid includes not just the AWPUP but all funding factors less the fixed sum)'*
- 4.3 As the growth allocation is within the Schools Block, the establishment of the growth fund is not treated as a transfer between blocks and the Schools Forum are required to agree the total value of the growth fund.
- 4.4 In previous years Wigan's growth funding allocation has been higher which has allowed growth funding to be consistently set around £500,000. To maximise the schools block funding allocated directly to schools it is proposed to align the growth funding with the calculated allocation. To balance the APT a figure of **£391,670.02** has been used in the attached calculations. (2024/25 £500,137.97).
- 4.5 Any unspent growth funding remaining at year end will be reported to Schools Forum. Any such underspends will be carried forward to the following funding period and Forum will be consulted on the use of the funding. Any overspends on the growth fund will form part of the overall DSG surplus or deficit balance.

## 5. Central schools services block

- 5.1 The central school services block (CSSB) is the fourth block of funding within the DSG framework.

- 5.2 This block funds local authorities for the statutory duties that they hold for both maintained schools and academies and brings together 3 former funding streams as detailed below:
- Funding previous allocated through the retained duties element of the Education Services Grant (ESG) functions including education welfare and asset management.
  - Funding previously top-sliced from the schools block for ongoing responsibilities (i.e. Admissions/Schools Forum); and
  - Residual funding for historic commitments, previously top-sliced from the schools block
- 5.3 The CSSB also incorporates an element of funding for the teacher's pension grant for centrally employed teachers, which was previously allocated through a separate grant payment and covers the cost of copyright licences.
- 5.4 Wigan Council's calculated allocation for the CSSB block for 2025/26 is **£1,082,314**
- 5.5 Schools Forum approval is required each year to confirm the amounts for activities within the CSSB and when using centrally held funding, local authorities must treat maintained schools and academies on an equivalent basis.

## 6. Actions

- 6.1 To agree the funding formula and school block allocations having considered the revised growth fund allocation set out above.
- 6.2 To agree the total growth fund for 2025/26.
- 6.3. To agree to the Central Schools Services Block (CSSB) specified allocation for Local Authority statutory duties.