

## Committee report

Committee	<b>SCHOOLS FORUM</b>
Date	<b>12 December 2024</b>
Title	<b>2025/26 SCHOOL FUNDING</b>
Report of	<b>DIRECTOR OF CHILDREN'S SERVICES AND DIRECTOR OF FINANCE</b>

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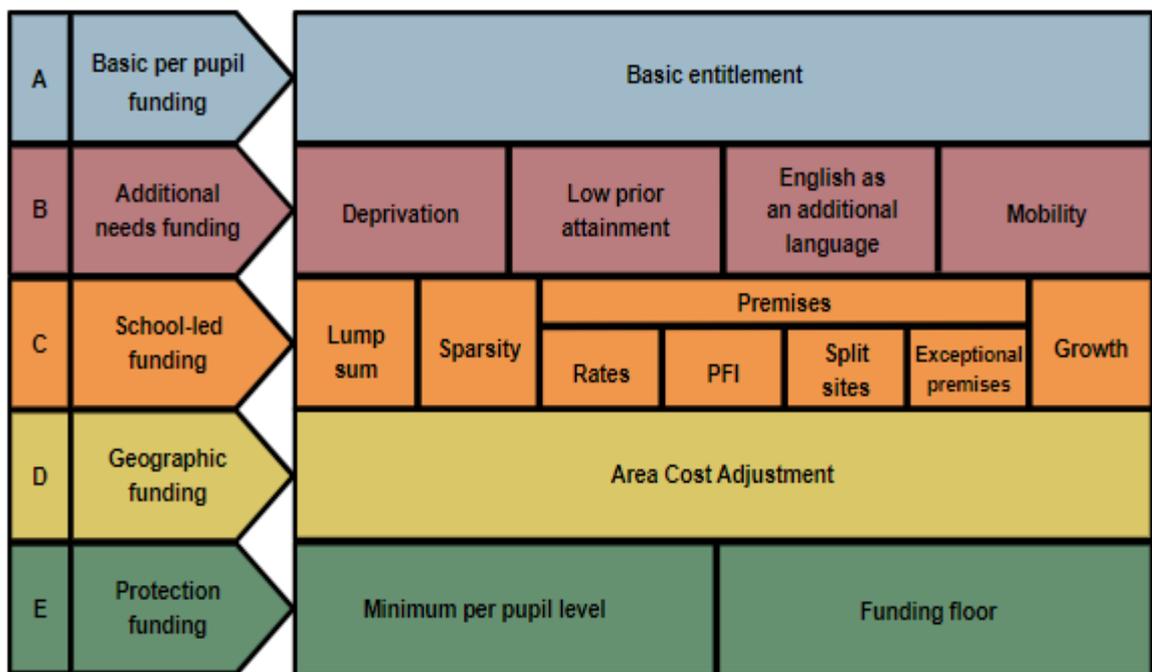
### EXECUTIVE SUMMARY

1. This report provides an update on a variety of schools funding related issues in relation to the upcoming 2025/26 financial year. Primarily on views relating to the setting of the school funding formula, alongside levels of minimum funding guarantee (MFG) protection, services to be de-delegated and wider budget setting issues in relation to any schools block transfer and the setting of central block budgets.

### NATIONAL FUNDING FORMULA (NFF)

2. 2025/26 is the eighth year of the national funding formula. In 2025/26, as in previous years, the local authority will continue to set a local schools funding formula, in consultation with local schools.
3. Unlike previous years and due to a change in government, the pre-16 school funding guidance and modelling tool for 2025/26 was not released in late July 2024 as expected. A summary policy note was however issued by the DfE in October 2024 advising of the formula factors and the provisional funding allocations for the 2025/26 financial year through the schools, high needs and central school services national funding formulae (NFF) were published at the end of November.

4. Consultation on funding formula principals was released in November, ahead of provisional allocations and operational guidance, to ensure that the Local Authority considers schools' views, meets the tight deadlines for political ratification of the funding formula, submission of the funding formula to the DfE for compliance checks and subsequent release of budget share information to schools for the 2025/26 financial year.
5. Funding in 2025/26 for mainstream schools through the schools NFF is increasing by 2.23% per pupil compared to 2024/25. This includes a 1.28% increase to ensure that the 2024 teachers and support staff pay awards continue to be fully funded at national level in 2025/26. The 2025/26 schools NFF includes funding for pay and pensions costs that was previously allocated outside of the NFF but is now being rolled into the formula.
6. The majority of the basic structure in the funding formula is not changing for 2025-26.



7. For 2025-26 there will be no substantial changes to the structure of the National Funding Formula or how it operates, however the following 2024-25 grants will be rolled into the NFF as prescribed by the DfE.
  - Teachers' Pay Additional Grant (TPAG)
  - Teachers' Pension Employer Contribution Grant (TPECG) 2024
  - Core Schools Budget Grant (CSBG)

- Adding cash amounts to the primary, key stage 3 and key stage 4 per pupil funding factors in the schools NFF, to represent the equivalent amounts in the grants.
  - Adding cash amounts to the primary and secondary FSM6 factors, and the lump sum, in the schools NFF, to represent the equivalent amounts in the grants.
  - Adding cash amounts to the minimum per pupil funding levels (MPPLs) for primary, key stage 3 and key stage 4 respectively, to reflect the average per pupil amount of funding that schools attracted through the preceding grants.
  - Adding an amount representing the total funding each school received through the preceding grants on to its baseline, which is used to calculate funding protection for the schools through the funding floor.
- NFF values, subject to final confirmation from the DfE, have been increased (on top of the rolled in grants) by in the region of 0.5%, slightly higher for Deprivation FSM, Deprivation – Ever 6 FSM, English as an additional language for primaries.
  - Continuation of a local formula for growth and falling roll funding. Minimum funding level introduced for growth funding in 2024-25 when additional classes (driven by basic need) are required.
  - Amendment to the private finance initiative (PFI) factor.
  - Some technical changes to the split sites factor which was first introduced in the 2024 to 2025 NFF. In particular, the transitional floor protection that was included in 2024 to 2025 has now been removed.
  - Local authorities continue to be able to transfer up to 0.5% schools block funding with School Forum approval.
  - Local authorities continue to be able to set minimum funding guarantee with the 2025/26 DfE threshold being between -0.5% and 0%, a change to the 2024-25 thresholds which were 0% to 0.5%.

## DIRECT NATIONAL FUNDING FORMULA

8. The DfE are continuing their transition to a direct national funding formula (whereby funding is allocated directly to schools based on a single national formula). Local authorities are now being required to bring their own formulae closer to the NFF in 2025/26, including:

- Local authorities must move their local formula factor values at least a further 10% closer to the NFF (building on the movement towards the NFF made in 2024 to 2025), except where local formulae are already mirroring the NFF. Local factors that already “mirror” the NFF values must continue to do so in 2025 to 2026.
  - Local authorities must follow the local formula requirements for growth funding (first introduced in 2024 to 2025), whereby additional classes (driven by basic need) must be funded by at least the minimum funding level set out in the funding calculation.
  - Local authorities with a falling rolls fund must also continue to follow the requirements for falling rolls funding, introduced in 2024 to 2025 whereby local authorities can only provide falling rolls funding to schools where the most recent school capacity survey (SCAP) data shows that school places will be required in 2025 to 2026, or the subsequent 2 years.
9. The DfE expect to fully move to the direct NFF by the 2027/28 funding year at the latest. The DfE will continue to monitor the equalities impact of a move to a direct NFF on an ongoing basis and when developing policy in future years.
10. The Isle of Wight is well placed in completing that journey as local formula values mirror NFF.

#### INDICATIVE DSG ALLOCATIONS

11. As in previous years for the schools block, the DfE calculate notional allocations for all schools in a local authority area and use these to confirm Primary and Secondary Units of Funding (PUFs and SUFs). These will be multiplied by the actual pupil numbers included in the October 2024 census to determine the final allocation for the Isle of Wight.
12. Indicative 2025/26 allocations were expected in July 2024 however due to a change in government, the release was delayed to the end of November 2024. The Isle of Wight allocations are included in the following table but should be treated with caution as they are indicative based on 2023 census pupil numbers and characteristics and will change when the final allocations are received in December 2024.

Block	2024/25 Baseline £000	2025/26 Provisional £000	Change £000	%
Schools Block (exc. growth, inc. additional grants)	£93,954	£96,009	£2,055	2.19
High Needs Block	£22,239	£23,648	£1,409	6.34
Central Block	£664	£684	£20	2.98
Early Years Block (tbc Dec24)	TBC	TBC	TBC	TBC

13. Early years funding arrangements will be confirmed in due course following the receipt of DfE operational guidance.

## LOCAL FUNDING FORMULA PROPOSALS

14. The Isle of Wight has a strong history of supporting the principle of working towards the NFF values since the formula was introduced, and since 2021/22 the local approach overwhelmingly supported by local schools and Schools Forum has been to use the national funding formula values throughout.
15. The Isle of Wight Council is required to determine the 2025/26 school funding formula using the national funding formula values exactly (adjusted for the local area cost adjustment, which for the Isle of Wight is 1.01479).
16. This approach will provide future stability for schools ahead of the upcoming implementation of the direct formula. A comparison of the 2025/26 expected NFF values, baseline 2024/25 (including additions from grants and CSBG uplift) Isle of Wight values, and proposed 2025/26 Isle of Wight values is included in Appendix A.
17. By continuing to align the Isle of Wight to the national funding formula values this will enable increases in all the formula factors mostly in the region of 0.5% with slightly higher for Deprivation FSM, Deprivation – Ever 6 FSM, English as an additional language for primaries.
18. These are only potential reasonings against indicative data, importantly the final October 2024 census data will determine final allocations using up to date pupil numbers and characteristics.
19. Consultation responses are included in Appendix B and referred to later in this report.

## EXCEPTIONAL PREMISES FACTORS – DISAPPLICATION REQUEST

20. As the DfE continues to move closer to the direct national funding formula, they are undertaking a review of exceptional circumstance examples where the funding formula regulations have been disappplied. From 2025/26 this requires local authorities to reapply annually for these circumstances even if long standing historic arrangements were in place.
21. Medina College dual use arrangement that has been in place since 2013/14 is the only remaining exceptional premises factor in the local formula. The arrangement is in place due to the college not having a sports and assembly facility and therefore they utilise the local leisure centre/theatre at a cost of £138,000 per annum.
22. Under current DfE operational guidance, the factors must be a value in excess of 1% of an individual school's budget share and must only impact on less than 5% of schools in the local authority's area. The Medina College exceptional factor is well within that criteria and very bespoke to this school.

23. There will be a significant unforeseen cost to the school concerned if the disapplication request to the DfE is rejected. As part of the premises funding allocation which is fixed based on historic spend, the cessation of this factor would see a reduction in the DSG allocation in the medium term and therefore there is no direct benefit to other schools of ceasing the arrangements.
24. The disapplication request has been submitted to the DfE in line with the autumn deadline and final decisions are expected by the time the DSG allocations are received by the local authority in December 2024.

### MINIMUM FUNDING GUARANTEE (MFG)

25. Local authorities still have discretion on the level of minimum funding guarantee (MFG) to include in the local funding formula. The MFG provides protection to schools that have a reduction in per pupil funding and can be funded by reducing the funding allocations to schools that are increasing their per pupil funding. The MFG provides no protection against falling pupil numbers. Schools see a decrease in per-pupil funding either because of a historic change in the funding formula or because there is a change in the additional needs funding that pupils on roll are eligible for.
26. In 2024/25, Schools Forum and a majority of consultation responses supported maintaining the minimum level of protection of +0.5%. MFG protection was required for five schools in 2024/25 due to decreases in per pupil funding as a result of decreases in pupil characteristics such as lower prior attainment and deprivation.

Year:	2020/21	2021/22	2022/23	2023/24	2024/25
Rate	+0.50%	+0.50%	+0.50%	+0.50%	+0.50%
Total Value	£80,207	£158,236	£3,141	£0	£23,411
Number of Schools	4	9	1	0	5

27. The DfE operational guidance for 2025/26 requires that the MFG can be set between -0.5% (the lowest protection) and +0.0% (highest protection). Applying these levels of protection to the 2024-25 funding formula suggests that 2 schools would have required protection of £10,075 if the MFG was set at 0% and 1 school would have required protection of £3,970 if the MFG was set at -0.5%:

2024/25	
Rate	+0.00%      -0.50%
Total Value	£10,075      £3,970
Number of Schools	2                      1

28. We are proposing to set the MFG to the highest level of protection (+0.0%) to ensure consistency with the protections provided for within the NFF.
29. Consultation responses are included in Appendix B and referred to later in this report, with all of the respondents supporting the approach.

## GROWTH FUND

30. Final DSG allocations will, like last year, include an element of growth funding which is calculated on a formulaic basis across medium super output areas across the Isle of Wight. Simplistically, changes in numbers on roll between October 2023 and October 2024 at a level of around 18 segments across the Island, with areas showing an increase contributing to the allocation.
31. Indicative DSG allocations always exclude the growth funding element of the schools block, which isn't confirmed until final allocations are received in December based on October 2024 census numbers.
32. In 2024/25 financial year growth funding element of the formula was ring-fenced for a Growth Fund budget to support growth in the secondary sector. The value of the growth fund budget on the Isle of Wight in 2024/25 financial year is £206,000 and £163,000 has been allocated to the secondary schools following confirmation of requirements for the new academic year.
33. Under the current School funding policy, schools can be eligible for growth funding when required to implement an additional class at the request of the local authority, or because of infant class size regulations. Additional funding can also be allocated to meet the costs of a teaching assistant where there are large numbers of excepted pupils.
34. Change in the DFE guidance for 2024/25 requires Local Authorities to fund additional classes driven by basic need either within or outside of PAN at least at a minimum level of  $\text{£}1570 \times \text{number of pupils} \times 1.01479$  (Area Cost Adjustment that changes every year).
35. Admissions and place planning officers forward modelling work has recently concluded an expected requirement for two additional classes from September 2025 in the secondary sector, which will require funding as per local Growth fund policy.
36. We propose to set a Growth fund budget to the value of £192,577 in 2025/26 financial year which will be sufficient to fund up to two additional classes as per anticipated requirement.
37. It is unlikely that there will be any residual funding due to high needs transfer, rising pupil characteristic but if there is a small amount of residual funding growth fund is proposed to be used as a balancing item.

## FALLING ROLLS

38. Falling Rolls funding was first introduced in 2024/25 financial year. It is calculated on a formulaic basis across medium super output areas across the Isle of Wight. Changes in numbers on roll between October 2023 and October 2024 at a level of around 18 segments across the Island, with areas showing a decrease above threshold of 10% contributing to the allocation.

39. Falling Rolls funding isn't confirmed until final allocations are received in December based on October 2024 census numbers. Local authorities will continue to have discretion over whether to operate a falling rolls fund. Where local authorities operate a fund, they will only be able to provide funding where the most recent SCAP (Schools Capacity Survey) shows that school places are expected to be required in 2025 to 2026, or the subsequent 2 to 5 years. Current data does not identify a pressure for places in any of planning areas across the Island.
40. We propose not to operate a Falling rolls fund in 2025-26 financial year and use the allocation to manage the risk of pupil characteristics changes whilst meeting the NFF.

### DE-DELEGATED SERVICES

41. Maintained mainstream schools can continue to de-delegate funding for selected services in 2025/26. Special schools and academies can buy into some of these services, and where this is the case they are charged on the same basis as maintained mainstream schools. Any agreed per pupil values are deducted when compiling individual maintained school budget shares. There are currently three areas of de-delegated services, and the proposed charges are in the following table:

<b>Service</b>	<b>Basis</b>	<b>Primary</b>	<b>Secondary</b>
<b>Licenses &amp; Subscriptions</b>	Lump Sum	£769.54	£505.38
<b>Trade Unions Facilities Time</b>	Per Pupil	£4.40	£4.40
<b>FSM eligibility checking</b>	FSM6	£1.50	£2.50
	IDACI F	£1.00	£1.50
	IDACI E	£1.50	£2.00
	IDACI D	£2.00	£2.50
	IDACI C	£3.00	£3.50
	IDACI B	£3.50	£4.00
	IDACI A	£4.00	£4.50

42. **Licenses and subscriptions** relate to centrally procured licenses on behalf of maintained schools for the following items. The charge to schools is calculated on a lump sum basis per school, flexed for the fact that secondary schools do not de-delegate for the Aspire subscription.
- Access Budgeting (budget planning software)
  - Fisher Family Trust (FFT) Aspire Subscription (school reporting and data tool) – Primary Only

43. Alongside an inflationary increase assumed for the remaining licenses (estimated at 2%), it is proposed that the remaining licenses and methodology continue for 2025/26.
44. **Trade union facilities time** supports schools and relevant bodies financially in releasing union representatives to support school-based staff. The current funding model utilises a hybrid lump sum element and a per member element to distribute available funding. Reasonableness checks are completed by reviewing activity information provided through the Council's HR department (reported separately to Forum) and payments are only made when representatives are in post. Rates de-delegated by schools operates on a per pupil basis.

Current Trade Union Facilities Time 2024/25 Funding Model		
Rate		£4.31
Maintained de-delegation	11,009	£47,449
Academies that buy in	3,455	£14,891
Special schools / ILC	352	£1,517
<b>TOTAL</b>	<b>14,816</b>	<b>£63,857</b>

Expenditure				
Unions	Member (Q4 23/24 data)	Lump Sum	Member Based	TOTAL
<b>Non-teaching unions</b>				
UNISON	528	£2,000	£10,758	£12,758
GMB	404	£2,000	£8,231	£10,231
<b>Total non-teaching</b>	<b>932</b>	<b>£4,000</b>	<b>£18,989</b>	<b>£22,989</b>
<b>Teaching unions</b>				
NEU	917	£2,000	£18,684	£20,684
NASUWT	424	£2,000	£8,639	£10,639
NAHT	137	£2,000	£2,791	£4,791
ASCL	29	£2,000	£591	£2,591
Voice	8	£2,000	£163	£2,163
<b>Total teaching</b>	<b>1,515</b>	<b>£10,000</b>	<b>£30,868</b>	<b>£40,868</b>
<b>TOTAL</b>	<b>2,447</b>	<b>£14,000</b>	<b>£49,857</b>	<b>£63,857</b>

45. The per pupil rate was increased in 2024/25 in line with pay inflation assumptions (4%). Consistent with the pay inflation driver, current estimates of a 2% increase in the per pupil rate would result in a new charge of £4.40 for next financial year. Final budgets and union distributions would be confirmed using December 2024 (quarter 3) membership data when complete, and final October 2024 census pupil data.

46. **Free School Meals (FSM) eligibility checking** is charged on a basis of the cost to the council of offering the service which covers writing to parents, liaising with HMRC, completing the checks, recording of information, answering queries from parents and schools. The local authority Admissions Team continues to have high levels of applications and the high volume of requests is expected to continue as more families become eligible. The de-delegated rates chargeable are based on proportions of deprived pupils. It is currently anticipated that the local authority will absorb any inflationary pressure in this service and the rates remain static.
47. Should Schools Forum support the continuation of these de-delegated services, final budgets and per pupil rates cannot be confirmed until the receipt of the December allocations including the impact of the October 2024 census.

### EDUCATION FUNCTIONS FOR MAINTAINED SCHOOLS

48. Currently maintained schools make an education functions charge of £77.00 per pupil to meet the costs of local authority statutory duties in relation to maintained schools for items such as school improvement, pension / audit / finance/ asset management/ education welfare statutory duties, but primarily in relation to support for schools around premature retirement and redundancy costs.
49. We are proposing to apply an inflationary increase of 2%, which equates to £1.54 for 2025/26. The following table details the current and proposed charging basis.

Function	2024/25	2025/26	%
Statutory & Regulatory Services	£22.23	£22.67	29%
Premature Retirement & Redundancy	£40.19	£40.99	52%
School Improvement	£14.58	£14.87	19%
<b>PROPOSED CHARGE PER PUPIL</b>	<b>£77.00</b>	<b>£78.54</b>	<b>100%</b>

50. The education functions charge is in the region of 1.3% of an individual schools budget on average.

### CENTRAL SCHOOL SERVICES BLOCK (CSSB)

51. The DfE introduced the central school services block from 2018/19, to separate the costs of statutory duties carried out by local authorities on behalf of all maintained schools and academies in relation to ongoing responsibilities and historic commitments.

52. The Isle of Wight has received an indicative allocation for the central school services block of £684,000 which is an increase of £20,000 on the existing 2024/25 baseline which includes a 2024/25 in-year increase to the copyright licence and is rolled into the central schools services block 2024/25, Teachers' pay and pension, and CSBG grants.
53. A summary of the current central spend and historic commitments is included below, along with proposals for 2025/26.

	Central Schools Expenditure	2024/25 baseline budget £000	Proposed Budget £000	Details
a)	DfE National copyright licences	121	125	National agreement, mandatory listing of licenses. Budget increase reflects current cost of £117,000 and increase in CSSB allocation of £8,000 for copyright licence
b)	Independent school places for non-SEN pupils	80	82	Current budget unchanged based on 2024/25 demand. Inflationary increase 2%
c)	Servicing of Schools Forum	14	14	Includes clerk, preparation of papers, management and support overheads
d)	Admissions service	178	182	Fixed contribution towards overall cost of service. Inflationary increase 2%
e)	Centrally employed teachers - historic	23	23	Historic pay & pension grant rolled into the central block in previous years.
f)	Centrally employed teachers – 2024/25 Teachers' Pension Employer contribution	16	16	2024/25 Teachers' Pension Employer contribution rolled into the CSSB for 2025/26.
g)	Centrally employed teachers – 2024/25 CSBG	31	31	2024/25 CSBG rolled into the CSSB for 2025/26.
h)	LA statutory functions	201	211	Statutory functions (former ESG) in relation to all schools. Balancing budget.
	<b>Total</b>	<b>664</b>	<b>684</b>	
i)	<i>SEN Transport</i>	<i>670</i>	<i>670</i>	<i>Historic commitment charge towards the cost of SEN transport, currently part of the high needs block.</i>

54. The DfE negotiates a number of copyright licences nationally for all schools, and charges local authorities for this agreement. Local authorities and schools cannot opt out of this charge, and School's Forum are not required to approve this budget. Budget increase to £125,000 reflects current cost of £117,000 and increase in CSSB NFF allocation for 2025/26 of £8,000 for copyright licence.
55. The budget for independent education for children in social care placements is demand led and can fluctuate significantly due to a very low number of placements. We propose to apply inflationary increase of 2% on current budget which is presently sufficient for current number of placements.

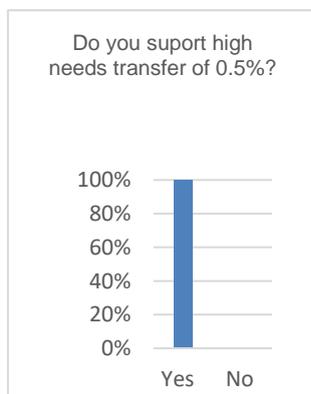
56. The budget to fund School Forum support includes clerking costs, officer time and other incidental costs. Inflationary increases will be absorbed by reduced meeting costs due to the virtual nature, and therefore no change is proposed for 2025/26.
57. Inflationary increase of 2% is proposed to the admissions costs budget within the central services block in line with other inflationary assumptions in the de-delegation and education functions services.
58. The DfE abolished the Education Services Grant (ESG) for 2017/18 and transferred the funding for statutory services to all schools into the school's block. From 2018/19, this has been part of the central school services block. Based on the current CSSB allocation an indicative budget of £211,000 is proposed for 2025/26 financial year for LA Statutory functions as a balancing item.
59. The final allocation is pupil number driven and it is expected that further reduction will result in the reduction in the central services school block funding. It is proposed to balance the budget by amending the LA statutory functions contribution.
60. On a linked issue around historic commitments, the DSG includes a historic fixed recharge contribution towards SEN Transport. This dedicated funding forms part of the high needs block and makes a contribution towards the costs of SEN transport incurred by the local authority. The history around the charge, and total spend is listed in the following table:

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	Actual	Actual	Actual	Actual	Forecast	Estimate
	£000	£000	£000	£000	£000	£000
High Needs Historic Commitment	670	670	670	670	670	670
Local Authority Spend	848	1,210	1,774	2,090	2,445	2,718
<b>TOTAL SEN TRANSPORT SPEND</b>	<b>1,518</b>	<b>1,880</b>	<b>2,444</b>	<b>2,760</b>	<b>3,115</b>	<b>3,388</b>

### HIGH NEEDS BLOCK

61. In the Autumn statement the Government announced increase of high needs funding of 1 billion in 2025/26. The majority of this increase will be allocated through the high needs NFF and local authorities will receive at least a 7% increase per head of their population aged 2-18, compared to 2024/25 allocations, with some authorities seeing gains of up to 10%.

62. Alongside the school block and central services block, an indicative high needs block allocation was released in November 2024 increasing the 2025/26 allocation from 2024/25 allocation of £22.239 million to £23.648million. This allocation is indicative and the estimated £1,409,000 (6.3%) increase to current allocation is subject to a further update based on the October 2024 census and then an updated import/export adjustment next July 2025.
63. Operational guidance for 2025/26 still allows for transfers of 0.5% of schools block funding to the high needs block. The guidance describes:
- Transfers up to 0.5% require the support of Schools Forum.
  - Transfers above 0.5% (or any transfer without the support of School Forum), requires a disapplication request to the DfE.
64. In 2024/25 a high needs transfer of 0.5% to the value of £446,000 was made from the Schools Block to High Needs block. The Isle of Wight signed a Safety Valve agreement with the DfE in March 2023. As part of this agreement there is an expectation from the DfE around a High Needs transfer to support improvement in SEN processes and deliver value for money. As part of the budget setting process, we are proposing a transfer of 0.5% to the High needs block, estimated in the region of £480,000. The transfer will contribute to non-statutory services that support schools, such as the Primary Behaviour Service and the VSEND toolkit. It will also help us fulfil our commitments under the Safety Valve agreement by improving SEN processes and ensuring value for money.
65. Following the headteacher forum meeting in November, the survey relating to a high needs transfer was released to schools. A majority, 28 out of 44 schools responded to the survey and all of the respondents agreed with the suggestion. As the disapplication request was required to be submitted to the DfE ahead of provisional funding announcement and Schools forum meeting in December, virtual approval for high needs transfer from School forum members outside of the meeting was obtained.



66. Due to the requirement to submit disapplication request to the DfE ahead of provisional funding announcement and Schools forum meeting in December, virtual approval for high needs transfer of 0.5% from School forum members outside of the meeting was obtained.

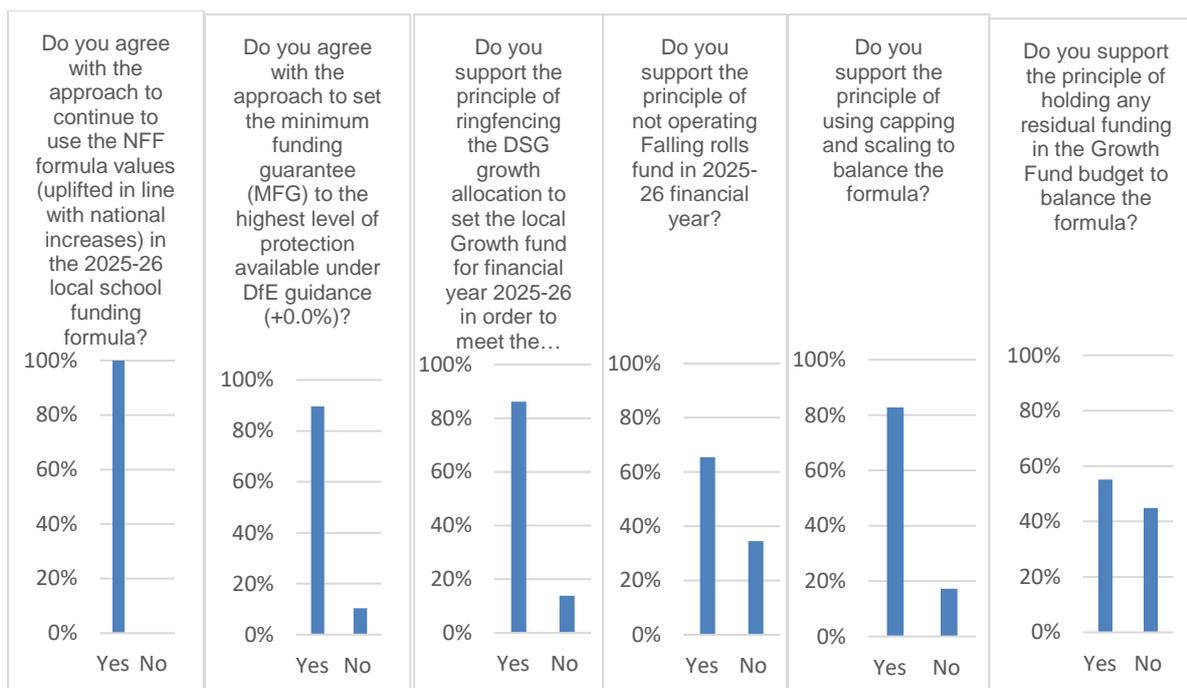
67. The high needs budget setting remains a local authority responsibility. The final proposed 2025/26 budget will be shared upon receipt of the December 2024 allocations.

#### BALANCING OF THE FORMULA – CAPPING AND SCALING

68. Local Authorities must ensure that the amount of funding allocated through the formula fits within the total DSG schools block available. It is likely that due to movement in pupil characteristics, the need for Growth fund and High Needs transfer, we will not be able to balance the formula.
69. For the first time in 2024/25, the Local Authority balanced the formula using the capping and scaling mechanism in the formula. Capping means setting a cap on per-pupil funding increase at a %. All schools will retain any gains up to the set %. Scaling means that a per-pupil funding increase by more than the level of the cap will see any additional increase scaled back, to some extent.
70. In 2024/25 financial year to balance the formula to the allocation, the gap of £154,000 was managed through capping and scaling mechanism. Per pupil gain above 0.5% (MFG) was scaled back by 13.86%, resulting in an average reduction of 0.25% to schools' budget. It is not possible to determine the potential gap and impact on individual schools for 2025/26 ahead of the final allocations released later in December 2024. Information on the impact to individual schools will however be provided to the headteacher and schools forum in January 2025.

#### LOCAL FUNDING FORMULA CONSULTATION

71. Due to change in government the release of the school funding allocations were delayed until the end of November 2024. The formula modelling tool which normally accompanies indicative allocation was not released by the DfE and will only be available when final allocations are released later in December. Education Finance met with headteachers in November 2024 to explain the updated position on the NFF for 2025/26 alongside other finance updates. Finance attendance at the headteacher, and school business manager forums throughout the year is now a standing item and well received two-way conversations are had.
72. The formal consultation with schools on the school funding principal for 2025/26 was released on 18 November 2024 and ran until 2 December 2024. The short consultation asked key questions around the principles of setting the upcoming formula alongside wider questions around de-delegation and funding. A majority, 29 (66%) of the 44 mainstream primary and secondary schools responded to the consultation. A full list of anonymised responses is included in Appendix B.
73. The questionnaire asked six main questions in relation to 2025/26 school funding. The results were unanimous in support of the proposed Isle of Wight Council approach on each item.



74. Supplementary questions on de-delegated services and education functions charge were asked to aid Schools Forum thinking on specific decision making around the continuation of de-delegated services and the level of education functions charge proposed at £78.54 per pupil.
75. Schools were asked if they would like to continue with the existing de-delegated services (listed in this report) and 93% of all respondents agreed. Proposed Education function charge was also supported by the 93% of the respondents. Both of these items were discussed in detail at November’s headteacher forum.
76. The survey contained a narrative question around general school funding. Over half of respondents included a comment. Majority of comments were seeking clarification on funding to schools admitting pupils following closure and protection for schools where pupil numbers have fallen between censuses following the proposed closures announcement. Information relating to both queries are included later in the report.
77. A feedback note to headteachers will be compiled following Schools Forum to communicate the views, local authority response to the questions, and Schools Forum view outcomes. The local authority is extremely grateful to the majority of schools who engaged with the survey.

## POTENTIAL SCHOOL CLOSURES AND FUNDING OF DISPLACED PUPILS

78. When a school or academy has closed and the displaced pupils have been admitted to other establishments, it is the local authority’s responsibility to fund these pupils using the growth fund.

79. If a maintained school closes, the local authority should transfer the remaining budget to their growth fund and support the schools admitting the displaced pupils.
80. To ensure the available funding following school closures is distributed in full, the Local Authority will make an amendment to the Growth fund policy specific to the school closure and present it to the schools forum in March 2025, outlining principals for distribution of the remaining budget share. Distribution of the funding through growth fund budget will ensue that academies are not disadvantaged due to having a different financial year end to maintained schools.
81. The Local Authority will provide funding for pupils that move from the closing schools after October 2024 and are on roll at a new school in September 2025 on a per pupil basis. The exact per pupil value will be determined following the outcome of school place planning and confirmation of the eligible pupils by the admissions team.

#### PROTECTION TO SCHOOLS FOR FALLING PUPIL NUMBERS

82. Protection to schools experiencing a reduction in pupil numbers can be provided via the falling rolls fund budget providing the most recent school capacity (SCAP) survey shows that school places are expected to be required in 2025 to 2026, or the subsequent 2 to 5 years.
83. Current data does not identify a pressure for places in any of planning areas across the Island therefore the funding to schools with falling roll does not meet the criteria for funding.
84. As part of local funding formula setting Local Authorities are able to vary pupil numbers for individual schools as outlined in [section 19 of the school's operational guidance 2025/26](#). The default funding to individual schools is based on pupil numbers as at October census. An increase to the number of funded pupils in the formula to a school will result in the funding reduction to other schools. The only schools in scope are those that are directly affected, i.e. those schools proposed for closure but potentially remain open.
85. Local authorities are required to present any pupil variations to their schools forum and to illustrate the impact to overall funding, and on specific schools' budgets and submit a disapplication request to the DfE in respect of any negative adjustments to pupil numbers.
86. The timing of the 2024 October census outcome, decision around school closures, requirement for political ratification of the funding formula and submission to the DfE by the set deadline for compliance does not allow opportunity to consider a variation to the pupil number for individual schools for the 2025/26 formula setting. The Local Authority will work closely with the schools to manage their finances and provide support through school improvement.

## NEXT STEPS

87. In December 2024 final DSG 2025/26 allocations will be received, allowing the compilation of the final funding formula and remaining DSG budget setting. Schools Forum will be updated at the January meeting, in conjunction with political ratification taking place that month. Individual school 2025/26 budget shares will be issued in line with DfE timelines by the end of February 2025.

## RECOMMENDATIONS

1. That school and academy members of Forum support the proposal to determine the 2025/26 Isle of Wight School funding formula using the national funding formula values listed in Appendix A.
2. That school and academy members of Forum agree the minimum funding guarantee (MFG) to be set at the highest level of protection (+0.0% in 2025/26).
3. That school and academy members of Forum agree the Growth fund budget of £192,577 to fund up to two additional classes for financial year 2025/26. Subject to any minor balancing adjustment to the final allocation.
4. That school and academy members of Forum agree the principle of not operating a Falling rolls fund in 2025/26 financial year and use the allocation to manage the risk of pupil characteristics changes whilst meeting the NFF.
5. That member representatives of primary and secondary maintained schools, voting separately, agree to continue to de-delegate funding for licenses, trade union facilities time and free school meals checking.
6. That maintained school representatives agree a contribution from maintained schools of £78.54 per pupil, to meet the cost of statutory services provided by the council for maintained schools.
7. That Schools Forum approves the proposed central school services block budgets and historic commitments for 2025/26 detailed in paragraph 53 (items a-i).
8. That Schools Forum ratifies previously agreed high needs transfer of 0.5% of the schools block for the 2025/26 financial year.
9. That school and academy members of Forum endorse the principle of using capping and scaling to balance the formula.
10. That school and academy members of Forum endorse the exceptional premises factor application for Medina College dual use arrangement within 2025/26 funding formula.

## APPENDICES ATTACHED

Appendix A – Proposed 2025/26 School Funding Formula Values Comparison  
Appendix B – School Funding Consultation Response

## BACKGROUND PAPERS

[The national funding formulae for schools and high needs - 2025 - 2026](#)  
[Schools operational guide: 2025 to 2026 - GOV.UK](#)

Contact Point: Irina Rowan, Senior Finance Business Partner, Isle of Wight Council,  
☎ 01983 821000 e-mail: [irina.rowan@iow.gov.uk](mailto:irina.rowan@iow.gov.uk)

*ASHLEY WHITTAKER*  
*Director of Children's Services*

*CHRIS WARD*  
*Director of Finance*

PROPOSED FUNDING FORMULA 2025/26

The proposed funding formula is included below. For reference, the current 2024/25 restated baseline (with additions from grants and CSBG uplift), and 2025/26 NFF values are also shown

			NFF	2024/25 BASELINE				PROPOSED Formula	Change	
Funding Type	Factor	Phase	2025/26 Values (after area cost adjust)	Current 2024/25 value before area cost adjustment	Additions to baselines from grants and CSBG uplift	Current 2024/25 baseline before area cost adjustment	2024/25 Baseline after area cost adjustment	Proposed 2025/26 value with ACA	£	%
Basic Per Pupil Funding	AWPU	Primary	£3,904	£3,562	£264	£3,826	£3,883	£3,904	£21	0.5%
		Secondary KS3	£5,502	£5,022	£371	£5,393	£5,473	£5,502	£29	0.5%
		Secondary KS4	£6,203	£5,661	£419	£6,080	£6,170	£6,203	£33	0.5%
	Minimum Per Pupil Level	Primary	£4,955	£4,610	£319	£4,929	£4,929	£4,955	£26	0.5%
		Secondary KS3	£6,221	£5,771	£414	£6,185	£6,185	£6,221	£36	0.6%
		Secondary KS4	£6,831	£6,331	£462	£6,793	£6,793	£6,831	£38	0.6%
Additional Needs Funding	Deprivation - FSM	Primary	£502	£490	£0	£490	£497	£502	£5	0.9%
		Secondary	£502	£490	£0	£490	£497	£502	£5	0.9%
	Deprivation - Ever 6 FSM	Primary	£1,076	£820	£233	£1,053	£1,069	£1,076	£7	0.7%
		Secondary	£1,578	£1,200	£345	£1,545	£1,568	£1,578	£10	0.6%
	Deprivation (IDACI - Primary)	Band A	£695	£680	£0	£680	£690	£695	£5	0.7%
		Band B	£528	£515	£0	£515	£523	£528	£5	1.0%
		Band C	£497	£485	£0	£485	£492	£497	£5	1.0%
		Band D	£452	£445	£0	£445	£452	£452	£0	0.0%
		Band E	£289	£285	£0	£285	£289	£289	£0	0.0%
		Band F	£238	£235	£0	£235	£238	£238	£0	0.0%
	Deprivation (IDACI - Secondary)	Band A	£964	£945	£0	£945	£959	£964	£5	0.5%
		Band B	£756	£740	£0	£740	£751	£756	£5	0.7%
		Band C	£705	£690	£0	£690	£700	£705	£5	0.7%
		Band D	£644	£630	£0	£630	£639	£644	£5	0.7%
		Band E	£457	£450	£0	£450	£457	£457	£0	0.0%
		Band F	£345	£340	£0	£340	£345	£345	£0	0.0%
	EAL	Primary	£604	£590	£0	£590	£599	£604	£5	0.9%
		Secondary	£1,619	£1,585	£0	£1,585	£1,608	£1,619	£11	0.7%
	Mobility	Primary	£979	£960	£0	£960	£974	£979	£5	0.5%
		Secondary	£1,405	£1,380	£0	£1,380	£1,400	£1,405	£5	0.3%
Low attainment	Primary	£1,192	£1,170	£0	£1,170	£1,187	£1,192	£5	0.4%	
	Secondary	£1,811	£1,775	£0	£1,775	£1,801	£1,811	£10	0.5%	
School Led Funding	Lump Sum	Primary	£147,246	£134,400	£9,921	£144,321	£146,456	£147,246	£790	0.5%
		Secondary	£147,246	£134,400	£9,921	£144,321	£146,456	£147,246	£790	0.5%
	Sparsity	Primary	£58,249	£57,100	£0	£57,100	£57,945	£58,249	£304	0.5%
		Secondary	£84,633	£83,000	£0	£83,000	£84,228	£84,633	£405	0.5%
	Split sites	Basic & distance	£82,198	£80,600	£0	£80,600	£81,792	£82,198	£406	0.5%
	Premises / Other			Actual costs	0		Actual cost	Actual costs		



Id	Role of person responding?	Do you agree with the approach to continue to use the NFF formula values (uplifted in line with national increases) in the 2025-26 local school funding formula?	Do you agree with the approach to set the minimum funding guarantee (MFG) to the highest level of protection available under DfE guidance (+0.0%)?	Do you agree with the approach to continue with the de-delegated services of licenses, trade unions and free school meals checking for maintained schools in 2025-26?	Do you agree with the proposed Education Functions charge for maintained schools in 2025-26?	Do you support the principle of ringfencing the DSG growth allocation to set the local Growth fund for financial year 2025-26 in order to meet the requirement to fund additional classes.	Do you support the principle of not operating Falling rolls fund in 2025-26 financial year?	Do you support the principle of using capping and scaling to balance the formula?	Do you support the principle of holding any residual funding in the Growth Fund budget to balance the formula?	Please add any final further comments you have in relation to school funding
										Careful consideration needs to be taken in regards to the school operational guidance 24/25 especially point 18 variations to pupil numbers' all primary school budge will need to be carefully looked at and protection provided for all those schools where pupil numbers have fallen between census counts from one year to the next. This will need to be provided in detail to the schools forum.
17	Other	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Careful consideration needs to be taken for those schools who may have increased pupils numbers due to the re-organisation with no additional funding untill April 2026. Protection must be provided for those schools where additional pupils do not constitute full classes which will be huley detrimental to their school budget for the length of time those children remain in the school.
18	Headteacher	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	
19	Headteacher	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	
20	Headteacher	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	We would like clarity on what is included within education functions as we are in an OFSTED window and will need support. We would like to know if any financial support will be given to schools who in 25-26 will have a significant increase in pupil numbers compared to the census return from 2024. We have found it difficult to answer these questions without having our budget share for example- we do not know how capping and scaling will affect us. 11. We feel that any residual funding should support place planning.  Place planning affects on all schools and the schools operational guidance states that as we are in a re-organisation the Local Authority should illustrate the impact to overall funding and on specific school budgets and provide protection for all schools including those where pupil numbers fall between census counts from one year to the next.
21	Headteacher	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Careful consideration needs to be taken in regards to the School Operational Guidance 24/25, especially point 18 'variations to pupil numbers' all primary school budgets will need to be carefully looked at and protection provided for all those schools where pupil numbers have fallen between census counts from one year to the next. This will need to be provided in detail to the Schools Forum. It would be helpful if further clarity can be provided to schools forum about the support for schools who will be impacted by Place planning. Many thanks
22	Headteacher	Yes	Yes	Yes	Yes	Yes	No	No	No	It would be helpful if further clarity can be provided to schools forum about the support for schools who will be impacted by Place planning. Many thanks
23	Headteacher	Yes	Yes	Yes	Yes	Yes	No	Yes	No	It would be helpful if further clarity can be provided to schools forum about the support for schools who will be impacted by Place planning. Many thanks
24	Headteacher	Yes	Yes	Yes	Yes	Yes	No	Yes	No	It would be helpful if further clarity can be provided to schools forum about the support for schools who will be impacted by Place planning. Many thanks
25	Headteacher	Yes	Yes	Yes	Yes	Yes	No	Yes	No	It would be helpful if further clarity can be provided to schools forum about the support for schools who will be impacted by Place planning. Many thanks
26	Headteacher	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Please can there be clarification as to whether funding from closed schools will follow pupils (at least from Sept25) and possibly any date from October 24
27	Headteacher	Yes	Yes	Yes	Yes	Yes	No	Yes	No	
28	Headteacher	Yes	Yes	Yes	No	Yes	No	Yes	No	Some of the answers we have given are quite dependent on more information or context and so could be answered differently depending on this.
										I note there is not a option for undecided so my answers based on what w know now.
										5. In principle I agree with the MFG. However I do not agree that the funding should be taken from schools where pupil numbers are increasing. Is there an alternative option? 6. In principle I see merits. However I would need clarity on the following statement 'must be done so using the same charging basis for all schools.' Does this mean that all schools will be charged the same amount on would it depend on pupil numbers? 10. Due to the lack of data, I am unable to commit to this at this time. 11. I have been swayed by the term 'in principle' here. Again, I would like to see specifics before fully committing to the use of the residual funding as there may be a greater need elsewhere.
29	Headteacher	Yes	No	No	Yes	Yes	Yes	No	Yes	