



# **Primary and Secondary School Revenue Funding Guidance 2025/26 Financial Year**

**Contents**

Dedicated Schools Grant (DSG)..... 3

Formula Funding Factors..... 5

Protections..... 10

Growing or New Schools ..... 10

Redetermination of budget shares..... 11

De-delegated services ..... 11

Functions for Maintained Schools..... 12

Other Revenue Funding: ..... 13

High Needs Pupils ..... 13

High Needs Contingency ..... 13

Maintained Nursery Class Funding..... 13

Pupil Premium ..... 14

Teachers Pay Additional Grant (TPAG), Teachers Pension Employer Contribution Grant (TPECG), Core Schools Budget Grant (CSBG)..... 15

PE and Sport Premium ..... 15

Universal Infant Free Schools Meals ..... 15

Contacts and Queries ..... 16

Budget Setting for Maintained Schools (SBS) ..... 17

Contacts and Queries ..... 18

Appendix 1 – Funding Formula Unit Values 2025/26 ..... 19

Appendix 2 – Growth Fund Policy ..... 20

Appendix 3 – Areas for Consideration When Setting Budgets..... 30

**Dedicated Schools Grant (DSG)**

On 18th December 2024 the Department for Education (DfE) published the initial DSG allocations for 2025/26. Full details can be found on the DfE website at the following link:

[Dedicated schools grant \(DSG\): 2025 to 2026 - GOV.UK](#)

Key changes to the schools National Funding Formula (NFF) in 2025 to 2026 are:

- rolling the 2024 to 2025 teachers' pay additional grant (TPAG), the teachers' pensions employer contribution grant (TPECG) 2024, and the core schools budget grant (CSBG) into the NFF. For TPAG and TPECG this is done by:
  - adding amounts representing what schools receive through the grants into their baselines
  - adding the value of the lump sums, basic per pupil rates and free school meals Ever6 (FSM6) parts of the grants onto the respective factors in the NFF
  - uplifting the minimum per pupil values by the TPAG and TPECG basic per-pupil values and an additional amount which represents the average amount of funding schools receive from the FSM6 and lump sum parts of the grants

Local authorities were required to bring their own formulae closer to the schools NFF from 2023 to 2024. This transition will continue in 2025 to 2026. In particular:

- 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. These criteria do not apply to rates, PFI or exceptional circumstances factors. Details of how the department calculates the 10% move and how the department defines 'mirroring' for the purpose of the tightening criteria are given below
- for 2025 to 2026, local authorities will no longer be allowed to increase the pupil number count for schools with higher reception pupil numbers in the January 2025 census
- 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 have the freedom to set the MFG in their local formulae between minus 0.5% and +0.0% per pupil.

As in previous years since the introduction of the National Funding Reforms the DSG is calculated based on 4 notional blocks. The actual amount to be received by the local authority during the 2025/26 financial year is subject to change and will be amended to reflect recoupment for academies. The initial 2025/26 allocations for Cambridgeshire are set out in the table on the following page, which also provides for comparison the 2024/25 allocations:

DSG Block	2024-25 Allocation £m	2025-26 Initial Allocation £m	Difference to 2024-25 Allocation £m	% Change
Schools Block (incl. growth & business rates)*	£515.370	£518.893	+£3.524	+0.7%
High Needs Block	£107.084	£114.610	+£7.527	+7.0%
Central Services Schools Block	£5.286	£5.272	-£0.014	-0.3%
Early Years Block	£67.282	£101.475	+£34.193	+50.8%
<b>Total</b>	<b>£695.021</b>	<b>£740.251</b>	<b>+£45.229</b>	<b>+6.5%</b>

**\*Please note:** The 2024-25 Schools Block figure above includes grants which have now been baselined into main allocations for 2025-26.

The minimal uplift to Cambridgeshire’s Schools Block allocation is as a result of the baselining of existing grants and the net change in pupils between October 2023 and October 2024.

Allowing for the 0.5% block transfer from Schools Block to High Needs Block, approved by Schools Forum and the centrally retained growth fund the total available for distribution (including business rates) is **£514.299m**. The final draft allocations and funding formula unit values therefore reflect this position and was approved by the Children and Young Peoples (CYP) Committee on 14<sup>th</sup> January 2025.

<b>Total available Schools Block as per December announcements:</b>	<b>£518,893,423</b>
Total centrally retained Growth Fund:	£2,000,000
Block Transfer %	0.50%
Block Transfer £	£2,594,467
<b>Schools Block Available for Distribution:</b>	<b>£514,298,956</b>

**Formula Funding Factors**

As part of the continued move towards a direct NFF local authorities must use all mandatory NFF factors in their local formula and are no longer allowed to use additional factors (such as looked after children). As noted above, local authorities must also move their local formula factors at least 10% closer to the NFF values. To assist with meeting this requirement the Education and Skills Funding Agency (ESFA) have provided minimum allowable funding levels which must be met. Details of all the funding factors applied are listed below with the 2025/26 Cambridgeshire values shown in **Appendix 1**. The ESFA is responsible for calculating the funding formula allocations for academy schools on an academic year basis, applying the factors and values agreed locally. Therefore, any figures published by the local authority are for illustrative purposes only and final allocations may differ on receipt of the General Annual Grant (GAG) statement from the ESFA.

***Please Note: The data received from DfE shows only % of pupils who qualify for each factor. As such we are unable to provide information at individual pupil level. Due to the use of % rather than whole pupil numbers the funding amounts are unlikely to be exact multiples of the unit values.***

- 1. **Basic entitlement** - A compulsory funding factor that assigns funding to individual pupils, with the number of pupils for each school or academy based on the October pupil census. (In some instances where new schools are continuing to fill to capacity pupil numbers will be adjusted to reflect the anticipated increase from September.)

The funding is allocated according to an age-weighted pupil unit (AWPU). A single rate for primary age pupils, and differential rates for key stage 3 and key stage 4.

From 2025 to 2026, local authorities can no longer choose to increase the pupil number count for schools with higher reception pupil numbers in the January 2024 census.

- 2. **Deprivation** – use a combination of free school meals (FSM) and the Income Deprivation Affecting Children Index (IDACI). Free school meals is measured at both the previous October census and “ever 6” – the number of pupils entitled to free school meals at any time in the last 6 years. The IDACI measure uses a range of bands and different values can be used for each band. There may be separate unit values for primary and secondary.

The 2025/26 funding formula, as in the previous year, uses IDACI 2019 ranks to group each lower super output area (LSOAs, an area with typically about 1,500 residents) into one of six bands of decreasing deprivation. The table on the following page shows how the bands are defined.

IDACI data	Ranks	Band
Pupils in the most deprived 2.5% of LSOAs	1 to 821	A
Pupils in the next 5% most deprived LSOAs	822 to 2463	B
Pupils in the next 5% most deprived LSOAs	2464 to 4105	C
Pupils in the next 5% most deprived LSOAs	4106 to 5747	D
Pupils in the next 10% most deprived LSOAs	5748 to 9032	E
Pupils in the next 10% most deprived LSOAs	9033 to 12316	F

**3. Prior attainment** – acts as a proxy indicator for low level, high incidence special educational needs.

- primary pupils identified as not achieving the expected level of development in the early years foundation stage profile (EYFSP)
- secondary pupils not reaching the expected standard in KS2 at either reading or writing or maths

Since 2017 to 2018, the department has weighted the LPA factor for some secondary year groups so that year-on-year fluctuations in pass-rates, following the introduction of the more challenging KS2 tests in the 2015 to 2016 academic year, do not disproportionately affect the distribution of funding through the LPA factor in the mainstream formula.

In 2025 to 2026, the department has carried forward the weightings it used in 2024 to 2025 for the year 7 to year 10 cohorts, so they will apply to the year 8 to year 11 cohorts respectively.

For the financial year 2025 to 2026, the weightings are:

- pupils in year 7 in October 2024: 58%
- pupils in year 8 in October 2024: 56%
- pupils in years 9 and 10 in October 2024: 54%
- pupils in year 11 in October 2024: 65%

The weightings will operate in the same way as in 2024 to 2025: the number of pupils identified as having LPA in the data will be multiplied by the relevant weighting to determine the number of pupils eligible for the factor for funding purposes.

Following the cancellation or incompleteness of both EYFSP and key stage 2 assessments in summer 2020 and summer 2021 due to COVID-19, local authorities will not be able to use assessment data from these years in the low prior attainment factor in their local funding formulae. Instead, local authorities will use:

- 2022 attainment data as a proxy for the missing assessments in 2021
- 2019 attainment data as a proxy for the missing assessments in 2020 for primary pupils
- 2019 attainment data from the 2024 to 2025 APT as a proxy for the missing assessments in 2020 for secondary pupils. (The 2024 to 2025 data is used for secondary since the secondary pupils who sat the 2019 assessments have now left key stage 4)

**4. English as an additional language (EAL)** - Pupils identified in the October census with a first language other than English attract funding for 3 years after they enter the statutory school system.

**5. Pupil mobility** - allocates funding to schools with a high proportion of pupils with an entry date in the last three years which is not typical. (For year groups 1 to 11, 'typical' means that the first census on which a pupil is recorded as attending the school (or its predecessors) is the October census. 'Not typical' means that the first census a pupil is recorded as attending the school is a January or May census. For the reception year, 'typical' means the first census is October or January.)

Rather than relying on a single census, this mobility methodology, introduced last year, involves tracking individual pupils using their unique pupil ID through censuses from the past 3 years. If the first census when the pupil was in the school was a spring or summer census, they are a mobile pupil. This excludes reception pupils who start in January. This methodology also excludes pupils who joined in the summer term after the summer census, or pupils who joined in October before the autumn census.

To be eligible for mobility funding, the proportion of mobile pupils in a school must be above the threshold of 6%. A per pupil amount is then allocated in respect of all mobile pupils above that threshold.

**6. Sparsity** – A school is eligible for sparsity funding in the NFF if:

- a. its sparsity distance is equal to or above the main distance threshold, or above the tapered distance threshold, and
- b. the average year group size (calculated as the APT-adjusted pupil count divided by number of year groups present at the school) is below the relevant size threshold

Phase	Size threshold: maximum average number of pupils per year group	Main distance threshold: minimum average distance to second nearest compatible school	Distance taper threshold: minimum average distance to second nearest compatible school
Primary	21.4	2 miles	1.6 miles
Secondary	120	3 miles	2.4 miles
Middle	69.2	2 miles	1.6 miles
All-Through	62.5	2 miles	1.6 miles

In the NFF, schools’ allocations are tapered according to average year group size, so that the smaller the school the greater the allocation. Schools with a sparsity distance equal to or greater than the main distance threshold (2 or 3 miles) and an average year group size of less than or equal to half the year group threshold receive 100% of the sparsity funding for their phase.

- 7. **Lump sum** - Local authorities can set different lump sums for primary and secondary (middle schools receive a weighted average based on the number of year groups in each phase).
- 8. **Split sites** - In 2024 to 2025 the ESFA introduced a national formulaic approach to split sites funding, which replaces the previous local authority-led approach. The new split sites factor is compulsory for all local authorities, ensuring that split sites funding will be allocated consistently and fairly across the country. Local authorities are required to set their split sites factor values within the 2.5% mirroring threshold for the NFF.

The factor is made up of 2 parts, both of which are compulsory:

- basic eligibility funding: schools must be allocated a lump sum payment for each of their additional eligible sites
- distance funding: additional funding must be paid out on top of the basic eligibility lump sum for schools whose eligible sites are separated by more than 100 metres (by road distance) from the main site

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.

- 9. **Business Rates** –As in 2024/25 all of the local billing authorities responsible for Cambridgeshire schools have opted into the nationally administered process whereby business rates will be paid by the ESFA directly to billing authorities on behalf of all maintained schools and academies.



The figures in the draft budgets show the indicative business rate figures for 2025/26 as provided by the ESFA, these should be disregarded as rates bills will continue to be paid directly.

- 10. Private Finance Initiative (PFI) contracts** - An optional factor applied by Cambridgeshire. The purpose of this factor is to support schools which have unavoidable extra premises costs because they are a PFI school and/or to cover situations where the PFI “affordability gap” is delegated and paid back to the local authority.

Allocations must be based on objective criteria, capable of being replicated for any academies in the authority area.

- 11. London fringe** – A compulsory factor for the five local authorities to which it applies (Buckinghamshire, Essex, Hertfordshire, Kent and West Sussex). Does **not** apply to Cambridgeshire.

- 12. Exceptional premises factors** – An optional factor applied in Cambridgeshire. Local authorities can apply to ESFA to use exceptional factors relating to premises. The exceptional factors must relate to premises costs and applications should only be submitted where the value of the factor is more than 1% of a school’s budget and applies to fewer than 5% of the schools in the authority’s area.

## **Protections**

### **Minimum Funding Guarantee**

The Minimum Funding Guarantee (MFG) applies to pupils in age ranges 5-16 and therefore excludes funding for early years children and young people over 16. In 2025/26 local authorities will be able to set a MFG between -0.5% and 0.0% per pupil. Following discussions at Schools Forum and confirmation of the available distribution total the amount applied within the Cambridgeshire formula for 2025/26 is **+0.00%**. It is important to remember MFG is a per-pupil protection and will therefore **not** support schools with falling rolls.

### **Minimum Per-Pupil Levels**

Alongside the MFG the DfE have introduced the mandatory minimum per-pupil levels (MPPL's). For 2025/26 the MPPL's will be set at **£4,995** for primary schools and **£6,465** for secondary schools.

For middle schools, all-through schools, and other schools with a non-standard year group structure, this will produce a specific minimum per-pupil value that relates to the number of year groups in each phase.

The MPPL is calculated on total school funding (excluding premises costs) divided by the number of pupils. If a schools funding is below the nationally prescribed MPPL they receive an allocation to bring them to the 2025/26 minimum.

### **Capping of Gains**

Local authorities can continue to choose to cap any gains schools receive through the local formula to support overall affordability. Capping and scaling must be applied on the same basis to all schools. Based on the overall available Schools Block for Cambridgeshire no cap on gains is required for 2025/26.

### **Growing or New Schools**

Where schools are growing to meet basic need for places additional funding may be available from the growth fund. The growth fund is retained from the overall distribution total prior to budget setting and applies to maintained and academy schools.

The Growth Fund can only be used to:

- support growth in pre-16 pupil numbers to meet basic need
- support additional classes needed to meet the infant class size legislation. (Please note: The growth fund is not used for this purpose within Cambridgeshire due to the overall cost.)
- meet the cost of new schools. (Pre-opening and diseconomies funding as prescribed in the New Schools Funding Policy.)

The Growth Fund **may not** be used to support schools in financial difficulty.

Where a new school (other than a free school) is opening, the regulations require local authorities to estimate the pupil numbers expected to join the school in September and fund, accordingly, again explaining the rationale underpinning the estimates.

The regulations also require local authorities to estimate pupil numbers for all schools and academies, including free schools, where they have opened in the previous seven years and are still adding year groups. Estimates may be adjusted each year to take account of the actual pupil numbers in the previous funding period.

The criteria for Growth funding, as approved by Schools Forum in January 2024, can be seen at **Appendix 2**.

**Redetermination of budget shares**

It is not permissible to make an in-year redetermination of schools’ budget shares for pupils aged 5-16, other than in the explicit circumstances allowed for within the school finance regulations, which relate to:

- sixth form funding
- early years funding
- reallocation of funding for excluded pupils
- rates

**De-delegated services**

Funding for de-delegated services must be allocated through the formula but can be de-delegated for maintained mainstream primary and secondary schools with Schools Forum approval. De-delegation is not an option for academies, special schools, nurseries or PRUs.

The table below shows the methodology approved by Primary School representatives on Schools Forum in respect of de-delegations to be applied to maintained primary schools in 2024/25:

	2024/25 Basis	2025/26 Basis
Contingency	£2.10 per pupil	£2.10 per pupil
Free School Meals Eligibility	£4.65 per FSM child	£4.65 per FSM child
Maternity / Paternity	£5.00 per pupil	£5.00 per pupil
Trade Union Facilities Time	£1.10 per pupil	£1.20 per pupil

De-delegation arrangements for schools converting to academy status are as follows:

- conversion date on or before 1 April 2025 – no de-delegation
- conversion date between 2 April 2025 and 1 September 2025 – local authority retains any de-delegated funding until 1 September 2025
- conversion date between 2 September 2025 to 21 March 2026 – local authority retains any de-delegated funding until 31 March 2026

After the dates specified, the academy will receive the full formula allocation and ESFA will recoup this from the local authority. The local authority should continue to provide the services to new academies where funding is de-delegated, if they are asked to do so. If the local authority is unable to provide the requested service, we expect the local authority and the academy to come

to an arrangement to pay the funding directly to the academy. Exceptions to this would be in cases where contractual arrangement to pay services in advance have already been made, and the local authority does not have the ability to continue to provide this service.

### **Functions for Maintained Schools**

As in previous years local authorities can fund some services relating to maintained schools only from maintained school budget shares, with the agreement of maintained school members of the schools forum. The relevant maintained schools members of the schools forum (primary, secondary, special, and pupil referral units (PRUs)) should agree the amount the local authority will retain.

The agreed amount for Cambridgeshire continues to be **£10 per pupil**.

As with de-delegations, the amount to be held by the local authority will be determined after MFG has been applied. If a school converts to academy status, ESFA will recoup the amount retained for that school from the local authority's DSG for the remaining months of the financial year that the school is an academy. The academy will be reimbursed in its monthly general annual grant (GAG) payment from the point of conversion.

Unlike for de-delegated services, there will be no phased transfer of funding following conversion so there will be immediate recoupment of this part of the budget. For example, if a school converts on 1 January 2026 (three months prior to the end of the financial year), ESFA will recoup three twelfths of the retained amount relating to that school.

**Other Revenue Funding:**

**High Needs Pupils**

Primary and Secondary schools are required to contribute £6,000 towards the assessed need for every High Needs pupil, with the LA providing Top-Up funding for the assessed need exceeding £6k.

***Please Note: Where a pupil is from another Local Authority the Top-Up payment will be made directly to the school from their home authority. Schools may therefore need to contact the home authority in order to receive the funding due.***

The authority is required to calculate notional SEN budgets for mainstream schools and academies. The notional SEN budget is to cover the first £6,000 of all pupils SEN needs, both Low Costs High Incidence and High-Cost Low Incidence. The notional SEN budget is calculated as follows:

- 6.00% of Basic Per Pupil Entitlement
- 10.00% of FSM and FSM6 Funding in Primary Sector and Secondary Sectors
- 75.00% of IDACI Deprivation Funding in Primary Sector and Secondary Sectors
- 45.00% of Prior Attainment Funding in Primary Sector and Secondary Sectors

Where a school has a Specialist or Enhanced Resources Base on site the funding for the pupils in this provision will be funded separately through the Place-Plus methodology.

**High Needs Contingency**

Methodology for 2025/26 to be confirmed.

**Maintained Nursery Class Funding**

Where schools have maintained nursery classes, they will be funded through the Early Years Single Funding Formula (EYSFF). Initial budgets will be calculated based on estimated hours for each term and adjustments made on receipt of the census information collected in May, October and January.

The hourly Cambridgeshire funding rates for 2025/26, as approved by Schools Forum, are:

<b>Age</b>	<b>Current Cambs rate/hour</b>	<b>Proposed Cambs rate/hour</b>
3- and 4-year-olds	£5.40	<b>£5.66</b>
2-year-olds	£8.00	<b>£8.15</b>
9-months – 2 years	£10.70	<b>£11.00</b>

- Early Years Pupil Premium (EYPP) will be funded at per £1.00 per hour per eligible child (increased from 68p)

- Disability Access Fund (DAF) will be funded at £938 to per eligible child per year (increased from £910).

In the 24/25 FY, £34m was provided to local authorities to support early years providers with their costs following recent teacher pay awards, know as the Early Years Budget Grant. The DfE are yet to confirm the ongoing status of this grant, but the 2024/25 information can be found at: [Early years budget grant \(EYBG\) 2024 to 2025: methodology and operational guidance - GOV.UK](#)

Further information will be provided once the initial funding allocations have been calculated.

**Pupil Premium**

The DfE are yet to update the guidance and conditions of grant for 2025/26, but the 2024/25 information can be found at:

[Pupil premium 2024 to 2025: conditions of grant for local authorities - GOV.UK](#)

The government has yet to announce the increased rates which will apply to the financial year 2025/26, below are the 2024/25 rates for reference:

Type of pupil	Pupil Premium per pupil 2024/25
Pupils in year groups reception to year 6 recorded as Ever 6 free school meals (FSM)	£1,480
Pupils in years 7 to 11 recorded as Ever 6 FSM	£1,050
Looked-after children (LAC) defined in the Children Act 1989 as one who is in the care of, or provided with accommodation by, an English local authority	£2,570
Children who have ceased to be looked after by a local authority in England and Wales because of adoption, a special guardianship order, a child arrangements order or a residence order (Post LAC)	£2,570
Pupils in year groups reception to year 11 recorded as Ever 6 service child or in receipt of a child pension from the Ministry of Defence	£340

**Please note:**

- 1) *A pupil cannot receive both Ever 6 FSM pupil premium and LAC pupil premium, if they are eligible for both the School will receive the LAC pupil premium as opposed to the Ever 6 FSM pupil premium. The DfE update their allocations in December to account for this which may cause a change in your pupil premium numbers compared to initial allocations.*
- 2) *Where a pupil is from another Local Authority the LAC pupil premium payment will be made directly to the school from their home authority. Schools may therefore need to contact the home authority in order to receive the funding due.*

**Teachers Pay Additional Grant (TPAG), Teachers Pension Employer Contribution Grant (TPEG), Core Schools Budget Grant (CSBG)**

For 2025 to 2026, the funding for TPAG, TPEG and CSBG has been rolled into the main NFF.

For mainstream primary and secondary maintained schools, all 3 of these grants will be incorporated into core funding from April 2025. For mainstream academies, these grants will be incorporated into core funding from September 2025. There will therefore not be a separate allocation for these funding streams.

For special, alternative provision and hospital schools (maintained and academies) these 3 funding streams will be combined into one single grant.

Guidance and conditions of grants for 2024/25 can be found at:

TPAG guidance: [Teachers' pay additional grant 2024 to 2025 - GOV.UK](#)

TPEG guidance: [Teachers' pension employer contribution grant 2024 for schools, high needs settings and local authorities: 2024 to 2025 - GOV.UK](#)

CSBG guidance: [Core schools budget grant \(CSBG\) 2024 to 2025 - GOV.UK](#)

**PE and Sport Premium**

The DfE are yet to update the guidance and conditions of grant for 2025/26, but the 2024/25 information can be found at:

[Primary PE and sport premium: conditions of grant for the academic year 2024 to 2025 - GOV.UK](#)

Allocations for the academic year 2024 to 2025 were calculated using the number of pupils in years 1 to 6, as recorded in the January 2024 census, as follows:

- schools with 17 or more pupils receive £16,000 plus £10 per pupil
- schools with 16 or fewer pupils receive £1,000 per pupil

The premium must be spent by schools on making additional and sustainable improvements to the provision of PE and sport for the benefit of all pupils to encourage the development of healthy, active lifestyles.

**Universal Infant Free Schools Meals**

The DfE are yet to update the guidance and conditions of grant for 2025/26, but the 2024/25 information can be found at:

[Universal infant free school meals \(UIFSM\): conditions of grant 2024 to 2025 - GOV.UK](#)

Each meal currently taken by an eligible pupil attracts £2.58, and it is assumed a pupil will take 190 school meals over an academic year, providing £490.20 per eligible pupil.

### **Contacts and Queries**

Further guidance and useful information can be accessed on the Schools Finance page at:  
<https://www.cambslearntogether.co.uk/cambridgeshire-services-to-schools/cambridgeshire-schools-finance>

If you have any further queries or questions on the general funding formula, please email:  
[schools.funding@cambridgeshire.gov.uk](mailto:schools.funding@cambridgeshire.gov.uk)



**Budget Setting for Maintained Schools (SBS)**

Budget figures for Maintained Schools (excluding business rates) will be input into SBS and schools will be notified when this has been completed. This will then allow schools to create budget scenarios for 2025/26 and future years. The following sections set out the current inflation assumptions which have been applied to staff costs and future years funding.

**Staff Inflation Assumptions for Maintained Schools****Teachers Pay 2025**

In December 2024 the DfE submitted their evidence to the School Teachers Review Body (STRB) and recommended a pay increase of 2.8% for 2025-26. This will now be considered by the STRB and they will deliver recommendations to the Government with associated evidence on what they determine to be a suitable pay award for teaching staff. In previous years, the STRB recommendations have been far higher than the DfE recommendations and this has led to a bargaining process between Unions and Government. Where the final settlement has been higher than the DfE recommendation, there has previously been a grant provided to schools to cover an element of the teachers' pay awards over and above what schools had previously budgeted for. The previous year grants have now been rolled into the main Schools Formula Funding and schools should remove this additional grant line from their Budget Entries screen. For September 2025, we have included a 3% uplift to Teachers pay & allowances, and we expect that schools will need to fund the full amount of any pay award, at this time.

**Support Staff Pay 2025**

In December 2024 representatives of the NJC Trade Unions met to discuss the proposals for the 2025/26 pay claim. The headline proposal is an increase to all pay points of £3000 and for employers to set out a clear roadmap to a minimum wage of £15/hr. It should be stressed that this is only in the proposal and consultation phase with the NJC Committee and no formal pay claim has yet been submitted. This proposal is like previous year's awards of a flat cash figure added to scale points which creates a varied percentage uplift across different scale points. With this in mind, it will be difficult to accurately estimate the percentage uplift across the board. We are setting the Support Staff pay award to 3% in line with the Teachers Pay assumptions. There is no expectation that any of the Support Staff pay awards will be funded in any part by central government grants.

CCC will keep schools updated as both pay award cycles progress, and we urge schools to continue to robustly review and amend their budgets in line with pay award developments.

**Teachers Pension 2025**

In April 2024, the TPS Employers Contribution rate increased to 28.68. Schools were provided with a grant to support the additional costs associated with this increase. As with the Teacher Pay Grant, the Pensions Grant has been rolled into the main schools formula funding and schools should remove this additional grant line from their budget entries screen. For 2025/26, the rate remains unchanged.

**Support Staff Pension 2025**

The rate for support staff remains unchanged for 2025/26 at 20.7%

**National Insurance Increase 2025**

The chancellor announced in the autumn that from April 2025, NI thresholds for employers would be changing and the employers cost will increase. The Government has announced that schools will be reimbursed to cover the "net increase" in employers NI costs. There has not been any indication of how the Government will calculate the amounts or when this will be confirmed. For

the purposes of budget planning, SBS has been set up on the new NI thresholds and will show these in the staffing costs as a “worst case” when initially planning your budgets. Once we receive detail of any allocations, these will be shared with schools to add into your income projections.

### **Future Year Budget Estimates for Maintained Schools**

For future years, an inflationary increase of 2% has been added to the main school funding factors. Central government is looking to move to multi-year funding settlements for departments to provide better certainty and planning for organisations including schools. With this in mind, we expect that these multi-year settlements cannot be cash flat year on year and will include an inflationary element. However, it should be approached with an element of caution as these are not guaranteed. Schools should make sure that future year pupil numbers are as accurate as possible by using local knowledge and working with place planning colleagues.

Other grants such as pupil premium, UIFSM and PESG have not had any inflationary element added as some of these grants and their rates remain unconfirmed for the 2025/26 year.

CCC will update schools as the announcements are made.

### **Contacts and Queries**

Further guidance and useful information can be accessed on the Schools Finance page at: <https://www.cambslearntogether.co.uk/cambridgeshire-services-to-schools/cambridgeshire-schools-finance>

If you have any further queries or questions on the general funding formula, please email: [schools.funding@cambridgeshire.gov.uk](mailto:schools.funding@cambridgeshire.gov.uk)

**Appendix 1 – Funding Formula Unit Values 2025/26**

NFF Factor		Cambridgeshire Funding Formula (NFF) Unit Rates 2024-25	0.9864 Cambridgeshire Unit Rates 2025- 26 (Weighting Applied)	£ Increase compared to 24/25	% Increase compared to 24/25
Basic per pupil entitlement (AWPU)	AWPU: Primary	£3,548	£3,845	£298	8.39%
	AWPU: Secondary KS3	£5,002	£5,420	£418	8.36%
	AWPU: Secondary KS4	£5,638	£6,111	£472	8.38%
Deprivation (based on ever 6 free school meal numbers)	FSM current - Primary	£488	£495	£7	1.39%
	FSM current – Secondary	£488	£495	£7	1.39%
	Ever6 FSM – Primary	£817	£1,060	£243	29.74%
	Ever6 FSM – Secondary	£1,195	£1,554	£359	30.05%
	Primary IDACI F	£234	£235	£1	0.36%
	Primary IDACI E	£284	£285	£1	0.36%
	Primary IDACI D	£443	£445	£2	0.36%
	Primary IDACI C	£483	£490	£7	1.40%
	Primary IDACI B	£513	£520	£7	1.34%
	Primary IDACI A	£677	£685	£7	1.10%
	Secondary IDACI F	£339	£340	£1	0.36%
	Secondary IDACI E	£448	£450	£2	0.36%
	Secondary IDACI D	£627	£635	£7	1.16%
	Secondary IDACI C	£687	£695	£7	1.09%
	Secondary IDACI B	£737	£745	£8	1.04%
	Secondary IDACI A	£941	£950	£8	0.89%
English as an Additional Language	Primary	£588	£595	£7	1.21%
	Secondary	£1,579	£1,594	£16	1.00%
Low Prior Attainment	Primary	£1,165	£1,175	£9	0.79%
	Secondary	£1,768	£1,784	£16	0.93%
Pupil Mobility	Primary	£956	£965	£8	0.88%
	Secondary	£1,374	£1,384	£10	0.73%
Lump Sum	Primary	£133,861	£145,041	£11,180	8.35%
	Secondary	£133,861	£145,041	£11,180	8.35%
Sparsity	Primary	£56,871	£57,377	£506	0.89%
	Secondary	£82,667	£83,366	£699	0.85%
	Middle	£84,106	£83,366	-£740	-0.88%
	All-Through	£84,106	£83,366	-£740	-0.88%
Split Sites	Eligibility	£53,485	£53,978	£493	0.92%
	Distance	£26,792	£26,989	£197	0.73%

Minimum per pupil funding Primary	£4,955	£4,955
Minimum per pupil funding Secondary (KS3 and KS4 combined)	£6,465	£6,465

**Notes to the Table:**

The funding for sparsity is variable up to the values shown in the table above.

The DfE recognises that some factors cannot easily be allocated on a formulaic basis and under the NFF continue to be funded at historical or actual funding levels. This covers the premises factors which includes PFI, exceptional premises and business rates (which are now covered via a centrally administered process).

## **Appendix 2 – Growth Fund Policy**

### **1.0 INTRODUCTION**

- 1.1 The following guidance provides details of the methodology for the local distribution for growth and new schools funding during the 2025/26 financial year approved by Schools Forum.
- 1.2 As per the Education & Skills Funding Agency (ESFA) [growth-and-falling-rolls-fund-guidance-2025-to-2026](#) the Growth Fund can only be used to:
- support growth in pre-16 pupil numbers to meet basic need
  - support additional classes needed to meet the infant class size legislation. (Please note: The growth fund is not used for this purpose within Cambridgeshire due to the overall cost.)
  - meet the revenue cost of new schools. (Pre-opening and diseconomies funding as prescribed in the New Schools Funding Policy.)
  - meet revenue costs, for schools, of removing or repurposing surplus places.
- 1.3 The Growth Fund must **not** be used to support:
- schools in financial difficulty: any such support for maintained schools should be provided from a de-delegated contingency
  - general growth due to popularity; this is managed through lagged funding. This includes cases where academies have admitted above pupil admission numbers (PAN) by their own choice
  - Nursery and/or Post-16 / Sixth form education.
- 1.4 Local authorities are responsible for funding these growth needs for all schools in their area, for new and existing maintained schools and academies. Local authorities should fund all schools on the same criteria. Where growth occurs in academies that are funded by the ESFA on estimates, ESFA will use the pupil number adjustment process to ensure the academy is only funded for the growth once.
- 1.5 The Growth Fund may not be the most appropriate source of funding for growing schools, and the local authorities should use varying pupil numbers where there is a more permanent and significant change to numbers, and where it's appropriate for the change to be reflected in the funding formula (such as new schools growing to capacity or changes to age range).
- 1.6 As such, the Growth Fund is ring-fenced so that it is only used for the purposes of supporting growth in pupil numbers to meet **basic need** in both maintained schools and Academies. Any growth or expansion due to parental preference/popularity will **not** be eligible to be funded from the Growth Fund.
- 1.7 Local Authorities (LAs) are required to propose the criteria on which any growth funding is to be allocated to Schools Forum for approval. The criteria should both set out the circumstances in which a payment could be made and provide a basis for calculating the sum to be paid. The LA will also need to consult Schools Forum on the total sum to be retained and must update Schools Forum on the use of the funding. It is essential that the use of the Growth Fund is entirely transparent and solely for the purposes of supporting growth in pupil numbers.

## **2.0 FALLING ROLLS FUNDING**

- 2.1 Falling rolls funding will be distributed by the ESFA on the basis of the reduction in pupil numbers that local authorities experience for each year. It is based on the observed differences between the primary and secondary number on roll in each local authority between the October 2023 and October 2024 school censuses. Falling rolls are measured at the Middle Super Output Area (MSOA) – these are areas used by the ONS based on population data, which allow us to capture falling rolls in small geographical areas within local authorities. The falling rolls allocation for each local authority will be £141,890 per MSOA which sees a 10% or greater reduction in the number of pupils on roll between the two census years. This allocation will be subject to an area cost adjustment (ACA).
- 2.2 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 school capacity data (SCAP) shows that school places will be required in 2025/26, and/or either of the subsequent 2 years.
- 2.3 Although there is a recognition a number of schools have experienced falling rolls between the October 2023 and October 2024 census points once aggregated to MSOA level the ESFA formula only generates circa £287k of funding relating to two specific areas within Cambridgeshire.
- 2.4 Following review of the most recent SCAP data there are also concerns about the accuracy of the future year forecasts for some schools. Although these are no longer the most recent forecasts the use of them is mandatory to identify schools who would potentially qualify for falling rolls funding if implemented. There are a number of instances where the forecasts showed growth, but numbers actually reduced, resulting in an incorrect baseline for future years.
- 2.5 As a result, and following discussion with Schools Forum the decision was taken that a falling rolls fund is not implemented at this time on the basis that:
- Minimal additional funding to be received from the DfE for falling rolls, and therefore any costs associated with a falling rolls fund would further increase the required topslice from schools.
  - Concerns about the accuracy of SCAP and its use to identify qualifying schools (which is a mandatory requirement).

### 3.0 GROWTH FUND PROCESS AND CRITERIA 2025/26

3.1 Following feedback from schools and previous discussions with Schools Forum the proposed approach for 2025/26 will not require schools to submit an application to access growth funding.

3.2 **Process** - The approach for 2025/26 will continue to take a more formulaic approach alongside the latest Place Planning information on planned expansions and requests for schools to operate additional classes to meet basic need in their area. Each request for funding will be considered by the Growth Funding Panel which consists of officers from place planning, admissions, finance and headteachers. The following process will be followed:

- 1) On receipt of the October 2024 census current forecasts and local knowledge will be used to identify schools where there is planned or potential growth expected from September 2025. (This may come from the place planning team or the schools themselves.)
- 2) Where this forecast / expected growth is in excess of 15 pupils in Primary or 25 pupils in Secondary an initial view will be taken by the panel as to:
  - a. Whether the growth is due to basic need?
  - b. Whether the school would need to reorganise / employ additional teachers to accommodate the increase in pupils?

To aid decision making schools may be asked to provide:

- Class structure charts on a standard template
  - Evidence that growth is due to basic need. This may be in the form of numbers of children on roll which live locally to the school or in the school's catchment.
  - Information around teacher recruitment.
  - The panel reserve the right to use other information to aid their decision, including but not limited to, capacity at other local schools.
- 3) The Area Education officer for the school will discuss the forecast growth with the school and then provide evidence to the Growth Funding Panel.
  - 4) If the answer to both of the questions in point 2 is "Yes" these schools would be identified as potentially qualifying for growth funding via the most appropriate funding route:
    - **Variation to Pupil Numbers** - to be applied for more permanent structural changes to the number of pupils (new schools, planned expansions etc) where there is certainty there will be a need for extra places from September 2025. This should be recorded on the Authority Profoma Tool (APT) in January 2025 and would be managed through a variation to pupil numbers.
    - **Retained Growth Fund** – to be applied where there is less certainty over the changes to the number of pupils. Instances where numbers are yet to be confirmed and as such the local authority has not yet agreed any additional placements but know that they will need to do so within the next year. This is an appropriate reason to hold money in the growth fund and to use as and when the basic need occurs.

- 5) In instances which are not straight forward or where schools dispute the decision, Headteacher representatives will be invited to join the Growth Funding Panel to provide further professional insight and comment.
- 6) Those schools identified as potentially qualifying for growth funding through Variation to Pupil Numbers will be notified alongside the 2025/26 budget information in late January / early February.
- 7) Those schools identified as potentially qualifying for growth funding from the Retained Growth Fund will be notified in principle in mid-February / March, although funding allocations would not be confirmed at this stage.
- 8) The information / forecasts would continue to be refined as revised pupil numbers / admissions data becomes available with initial proposals shared with schools in March/April.
- 9) Schools will be informed by a letter detailing the award of growth funding from their Area Education Officer throughout the spring and early summer term.
- 10) In instances where numbers were still inconclusive, the Growth Panel would reserve the right to defer a final decision until the start of the 2025-26 academic year.
- 11) In the event of exceptional circumstances which were not identified as part of the initial process, schools would have the opportunity to contact the appropriate place planning officer via [placeplanningreferrals0-19@cambridgeshire.gov.uk](mailto:placeplanningreferrals0-19@cambridgeshire.gov.uk) and discuss their individual circumstances.

3.3 **Principles** - The following principles will continue to be applied in assessing the eligibility of schools to access additional funding:

- Where the predicted numbers for a Primary or Secondary School (excluding nursery classes and Post-16) for the following September show an increase, due to basic need, requiring the running of additional classes and/or significant restructure the school may be able to access additional funding.
- Where schools have chosen to admit above their Published Admissions Number (PAN) to meet parental preference from outside of their agreed planning area (**not** basic need), they will **not** be eligible to receive funding from the Growth Fund in recognition that the LA could have secured places for the children concerned at other schools.
- Where schools take the decision to extend their admission arrangements to give priority to children attending or in the catchment area of an out-of-county or out-of-area school, they will not be eligible to receive Growth Funding for the pupils concerned.
- In instances where the LA has specifically requested a school to expand to take an additional class to create capacity, but the forecast numbers do not represent the need for an additional class, schools may be able to claim additional funding. The funding will only be payable if the school is unable to reorganise its class teaching structure to meet the request.

- Where the LA has not specifically requested a school to operate an additional class, the school maybe be required to provide evidence that an additional class or tutor group and/or significant restructure would be required to meet basic need.
- A class is defined as “additional” if it requires a change in the school’s current or historical class organisation or number of classes. In Primary schools this may result in mixed year teaching where numbers dictate and this is seen as the most prudent option for the organisation of the school as a whole.
- Schools that have historically operated mixed-age classes or have a PAN in a multiple of less than 20 would be normally expected to operate some mixed-age classes. (The Growth Fund cannot be used to reduce class sizes.)
- The requirement for additional classes or forms of entry will be reviewed on a case-by-case basis. Funding will be allocated based on the requirement for additional support / classes / forms of entry.

4.0 **FUNDING**

4.1 As per ESFA guidance local authorities will be required to provide growth funding where a school or academy has agreed with the local authority to provide an extra class to meet basic need in the area (either as a bulge class or as an ongoing commitment). As a minimum local authorities will have to provide funding to a level which is compliant with the following formula:

**primary growth factor value (£1,570) × number of pupils × ACA**

The primary growth factor value will be used for all school types – recognising there is one teacher pay scale and that this funding is a minimum value.

Funding for an additional class (primary or secondary) will therefore be calculated on the basis of 30 pupils:

£1,570 x 30 x 1.01338 =

2024-25 7/12 <sup>th</sup>	2024-25 12/12 <sup>th</sup>	2025-26 7/12 <sup>th</sup>	2025-26 12/12 <sup>th</sup>
£47,120	£80,777	£47,730	£81,823

***Please note:***

- Pro-rata allocations will be made where 0.5FE is deemed appropriate.
- As noted above, no funding adjustments will be made in respect of “missing” pupils in Key Stage 1.
- Funding will be guaranteed for the year for which it was agreed, i.e. no clawback will be applied. However schools should be mindful that if numbers do not



materialise (and are therefore not recorded on the October census) this may impact on funding for future years.

- Funding for maintained schools is only guaranteed for the financial year to which it relates. Future years funding will be assessed annually during the budget setting process.
- Where the LA has requested maintained schools to run an additional class and numbers do not materialise, funding to recognise the difference will be provided to compensate for the 5/12<sup>th</sup> period April to August. This will be calculated on the basis of 5/12<sup>th</sup> of the academic year Growth Fund allocation less the basic entitlement received for pupils in the additional class based on the October census.

## 4.2 **Other Considerations**

- The level of revenue balances for maintained schools and academies will be requested and considered as part of the application process. Any school with a revenue balance deemed as excessive would **not** be permitted to claim the full value of the additional growth funding. These instances will be reviewed on a case-by-case basis.
- New schools which are no longer funded via guaranteed variations to pupil numbers, but are still growing to capacity will be subject to the process and principles set out above. However, recognition will be given to the uncertainties in pupil numbers for such schools supporting new communities, and as such decisions may need to be taken outside of the timescales applied to more established schools.
- Schools are required to use the growth fund to comply with the request set out in the Local Authority's growth fund confirmation letter. If it is not used for this purpose the Local Authority reserve the right to request this funding is returned.

## 4.3 **Academies** will take account of the additional guidance in **Appendix A** and be subject to the same criteria as above with the following additions and amendments:

- Where an academy is expanding due to parental preference rather than basic need the academy can bid directly to the ESFA, rather than being funded from the LA Growth Fund.
- Any funding allocated would be for the full academic year as original funding is based on the previous October Census. This would be subject to confirmation of actual funded numbers from the ESFA and would be calculated on receipt of the October Census at the start of the new academic year.

DfE additional guidance states:

*“Local authorities remain responsible for funding growth needs for all schools in their area, including for new and existing maintained schools and academies. Local authorities should fund all schools on the same criteria. Where growth occurs in academies that are funded on estimates, the department will use the pupil number adjustment process to ensure the academy is only funded for the growth once.”*

## 5.0 NEW SCHOOL FUNDING CRITERIA 2025/26

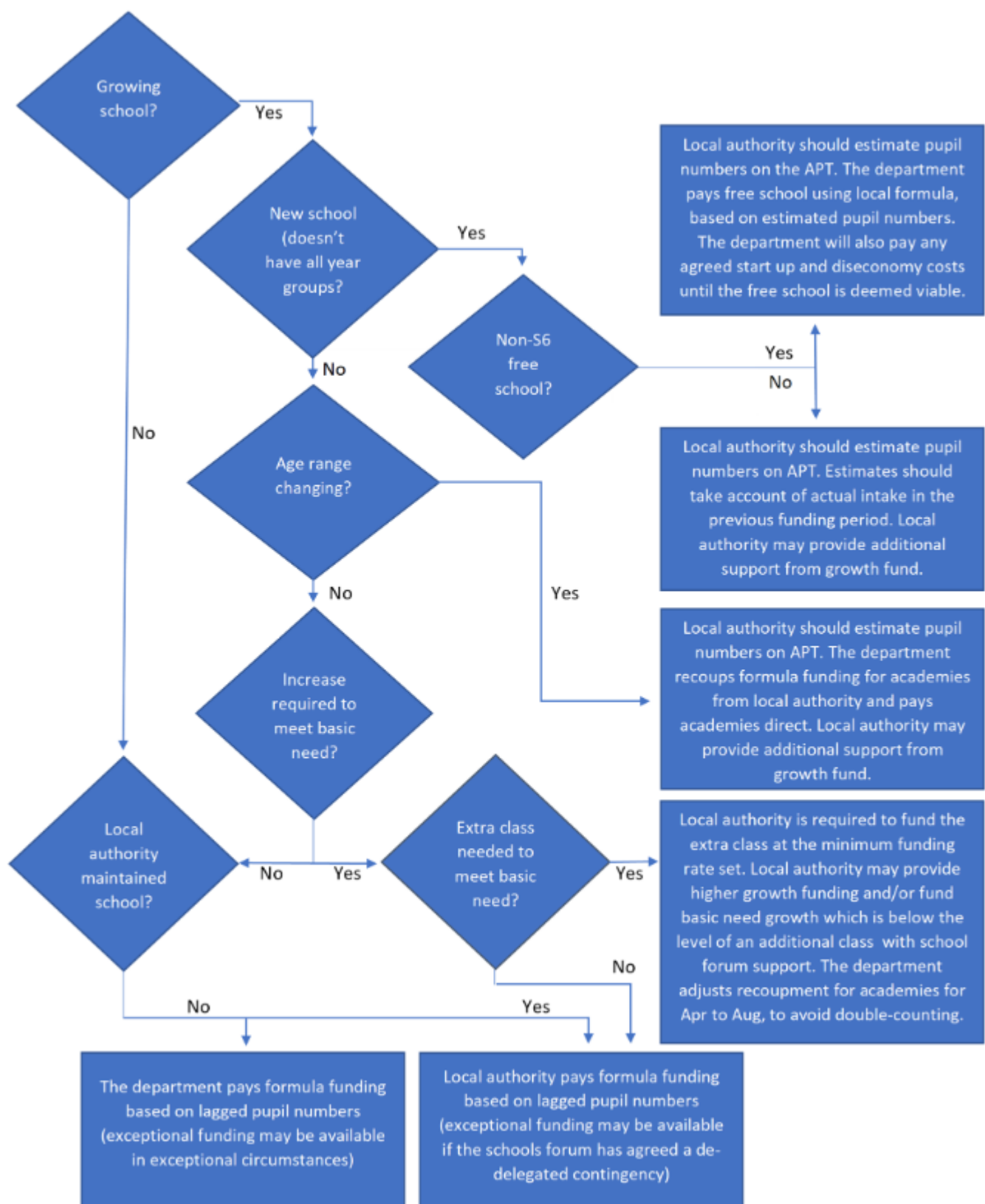
- 5.1 Where a new school is due to open, the regulations require that LAs should estimate the pupil numbers expected to join the school in September and fund accordingly, explaining the rationale underpinning the estimates. Under these regulations, LAs should estimate pupil numbers for all schools and academies, including free schools, where they have opened in the previous seven years, and are still adding year groups. LAs can adjust estimates each year, to take account of the actual pupil numbers in the previous funding period. For academies an allocation of funding is recouped from each LA and, following formula replication by the EFSA, an annual grant allocated.
- 5.2 There is an increasing requirement from the DfE/ESFA to guarantee / underwrite pupil numbers for new schools planned to be opened in future years. Although this is effectively the approach already applied for new schools, it does increase the risk should actual pupil numbers not reflect the current forecasts.
- 5.3 Due to the way in which schools funding is allocated from the DfE on a lagged basis (including additional funding for growth) this results in the existing schools within the county effectively having to subsidise all new schools whilst they fill to capacity and move to being funded on actual numbers. Therefore, the greater the differential between the actual numbers on roll at new schools as at the October Census and the guaranteed number to be funded, the greater the required subsidy and impact on all other schools.
- 5.4 Current practice has been to open new schools on the following basis:
- Primary schools – guaranteed funding for a minimum of 30 or 60 pupils in the first year of opening dependent on whether they are opening from reception up or for all year groups.
  - Secondary schools – guaranteed funding based on the planned capacity **only** if the initial pupil forecasts support this. For example, a 4FE secondary school with forecast numbers of between 90 and 120 in year 1 would be funded for 120 guaranteed places. If the forecast numbers are below 90 the guaranteed number would be adjusted to reflect the closest multiple of 30.
  - Guaranteed pupil numbers for the second year of operation onwards have been based on actual and forecast numbers following annual discussions.
- 5.5 The DfE previously consulted on the future arrangements for the National Funding Formula – Fair funding for all. As part of this consultation funding for growth and new schools is under review with proposals to change the way in which this funding is allocated, including the funding of start-up costs. *“We propose that, when a hard NFF is implemented, funding for growth, new and growing schools, and falling rolls will still be allocated, as these will all continue to be important parts of the lagged funding system. However, the method through which this funding is allocated should change – moving to a new, national approach.”* Until this new approach is confirmed the LA are unable to provide any long-term commitments to funding arrangements as they will be subject to the outcomes of the national policy changes.
- 5.6 Alongside the main formula funding, pre-opening costs and diseconomies funding in respect of new basic need academies are also payable from the Growth Fund. Details of the current amounts payable can be found in the New Schools Funding Policy (**Appendix B**), which is also subject to approval on an annual basis.

- 5.7 This funding must be made available to new basic need academies on the same basis as maintained schools, including those funded on estimates – the only exception is that the ESFA will continue to fund start-up and diseconomy costs for new free schools where they are not being opened to meet an identified basic need requirement as referred to in section 6A of the Education and Inspections Act 2006.

## **6.0 AMENDMENTS TO FUNDING CRITERIA**

- 6.1 It is possible to amend the above Growth Fund criteria during the year where this becomes necessary; however, the revised criteria must be submitted to the ESFA for compliance checking and must also be approved by Schools Forum before the revised criteria can be implemented.

Appendix A – Funding Flow Chart for Growing Schools (from EFSA Guidance)



# Appendix B – New School Funding

## Pre-Opening Funding for New Schools

The pre-opening funding is intended to cover all revenue costs up to the opening of the school. Capital costs to secure and develop the school’s site, and ICT to support the curriculum, are funded separately for the LA’s five year rolling programme of capital investment. Books and other curriculum materials may be purchased before opening, using an advance of the post-opening diseconomies funding.

The pre-opening funding is to cover:

- project management (support to coordinate all work leading to the development of the school);
- staff recruitment (including the Head teacher/Principal);
- salary costs (which often include the Head teacher/Principal, Finance/Business Manager and administrative support in advance of opening);
- office costs.

Primary Schools - funding is calculated on the basis of 1 term prior to the date of opening.

Secondary Schools - funding is calculated on the basis of 2 terms prior to the date of opening.

Special Schools - funding is calculated on the basis of 2 terms prior to the date of opening.

In all instances the funding can be accessed earlier on request, but the total amount to be received remains as detailed below.

<b>Primary</b>	<b>£50,000</b>
<b>Secondary</b>	<b>£150,000</b>
<b>Special</b>	<b>£130,000</b>

## Post-Opening Diseconomies Funding

### Resources –

Paid annually as the school builds up to capacity –

- £125 for each new mainstream place created in the primary phase (years R to 6)
- £500 for each new mainstream place created in the secondary phase (years 7 to 13)

New places will be calculated annually based on the increases in roll from year to year.

### Leadership –

Paid annually based on the number of year-groups that the school will ultimately have. The amount paid to mainstream schools with pupils aged 4 – 15 each year is set out below:

<b>Year</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>Total</b>
Primary	£40,250	£33,750	£27,000	£20,250	£13,500	£6,250	<b>£141,500</b>
Secondary	£125,000	£93,500	£62,500	£31,000			<b>£312,000</b>

## **Appendix 3 – Areas for Consideration When Setting Budgets**

### **1. Staff pay as percentage of total expenditure**

Staff pay is the single most expensive item in the school budget. It typically represents over 70% of expenditure. The [schools financial benchmarking service](#) will help with analysis.

Questions governors might want to ask:

- what percentage of the budget is spent on staffing compared with similar schools?
- how does the percentage for teaching staff, curriculum support staff and other support staff compare with other similar schools?
- how do your school's pupil outcomes – such as your school's progress score – compare with other similar schools, relative to spend on staffing?
- What is the overall staff cost as a percentage of total income? Staffing costs over 80% of total income are considered high
- if teaching costs are relatively high, is this due to the number of teachers or a relatively high proportion of highly-paid staff?

### **2. Average teacher cost**

This measure is calculated by dividing the total teaching cost by the full-time equivalent (FTE) number of teachers.

Questions governors might want to ask:

If the average teacher cost is high in comparison with other similar schools, why is this? The [schools financial benchmarking service](#) includes staffing cost per teacher (in the 'expenditure' section).

Is this due to:

- the staffing grade profile, such as a high number of staff on the upper pay scale?
- the responsibilities structure in the school, such as the Teaching and Learning Responsibility (TLR) scale?
- another reason?

How far is your school using its pay flexibilities – for example, to differentiate pay by teachers' performance?

### **3. Pupil-to-teacher ratio (PTR)**

The pupil-to-teacher ratio (PTR) is calculated by dividing the number of FTE pupils on roll by the total number of FTE teachers. A relatively low PTR could suggest small class sizes.

As well as benchmarking the PTR, you may want to review the average PTR and pupil to adult (teachers and support staff) ratios in other schools and academies. You can do this using the 'Workforce' section of the [schools financial benchmarking service](#) and choosing 'pupils per measure'.

The ratio of pupils to all educational staff (including teaching assistants) is also relevant, especially in primary schools.

Questions governors might want to ask include:

- what is the PTR for different key stages within their schools?
- how does the school's PTR compare with similar schools? If it's significantly different, what is the reason for this?
- how does the ratio of pupils to staff compare with similar schools?

#### **4. Class sizes**

The smaller the class size the greater the cost of delivery per pupil. Governors should ensure that class size plans are affordable while supporting the best outcomes for pupils.

Questions governors might want to ask:

- what are the average class sizes by key stage, and by options at key stages 4 and 5?
- what class sizes does your school aim to achieve – and what is the educational reason for this?
- are there any small classes where the per pupil funding does not cover the cost of delivery? This can be especially important at key stage 4 and 5 where class sizes for some subjects can fall
- do you know the maximum average class size that the school can operate at within the context of the pupil admissions, the structure of the building, the numbers in different year groups and the need for intervention strategies?

#### **5. Teacher contact ratio**

This measure is calculated by taking the total number of teaching periods timetabled for all teachers in the school and dividing that by the total possible number of teaching periods (the number of teaching periods in the timetable cycle multiplied by the FTE teachers). All teachers should have a guaranteed minimum of 10% timetabled planning, preparation and assessment (PPA) time. Therefore the teacher contact ratio will always be lower than 1.0.

Questions governors might want to ask:

- how would changes to the teacher contact ratio impact on the overall budget?
- are teaching staff undertaking roles that could be done by support staff?
- how does your school compare against the ASCL aspirational target (secondary schools only)? What is the reason for any difference?

#### **6. Proportion of budget spent on the leadership team**

Schools have many different leadership and management structures and comparisons are not straightforward. The total number of staff in the leadership group (FTE) is included in the [schools financial benchmarking service](#).

Some schools calculate the cost of non-class-based leadership time as a percentage of total expenditure, and compare to similar schools by collaborative exchanges of summary information. Likewise, multi-academy trusts can compare across their member schools where they are similar.

Questions governors might want to ask:

- how does this compare with similar schools, taking into account any contact time the leadership staff have?
- if there is more than one school in your trust or federation, are the leadership structures proportionally the same?
- how has your school made decisions on the proportion of its budget to be spent on the leadership team?
- if this is relatively high or low compared with similar schools, is this because of the size of the leadership team, or their pay?

### **7. 3 to 5 year budget projections**

Governors should ask to see 3 to 5 year financial projections, and the assumptions made to cost them.

Assumptions you may want to review include:

- projected pupil numbers
- free school meal numbers
- estimate additional grant income (pupil premium etc)
- projections of the staffing that will be necessary in these years.

Schools should plan their staffing based on multi-year projections of curriculum needs.

Questions governors might want to ask:

- how confident are you that pupil number projections are realistic? If there is uncertainty, boards should be given 3 scenarios: cautious, likely, and optimistic. This applies to all key assumptions, but especially pupil number projections and funding rate assumptions
- if the optimistic scenario indicates financial difficulties, is the school developing a recovery plan now?
- if the cautious budget indicates potential financial difficulties, what contingency plans does the school have to overcome them?
- are there any issues in the medium term that should be addressed now?
- how will current decisions impact medium-term budgets?
- what do we need to put in place now to ensure we have the necessary funding in the future?



## 8. Spend per pupil for non-pay expenditure lines compared to similar schools

The [schools financial benchmarking service](#) will allow you to compare your school's pattern of expenditure with similar schools.

Questions governors might want to ask:

- what is the spend per pupil for catering, ICT, estates management, business administration, energy and curriculum supplies?
- if benchmarking indicates a relatively high spend on a particular expenditure line, do you know why?
- are the reasons unavoidable or can your school secure greater efficiency?
- if the cost of energy seems high compared with similar schools, have you considered switching your energy deal or provider?
- if spend on supplies and services seems high compared to similar schools, are there opportunities for collaborating with other local schools to bring costs down?

Multi-academy trust (MAT) trustees may also want to compare their level of 'top slice' to other MATs, what it is used for, and how it provides value for money for member academies.

## 9. School improvement plan priorities and the relative cost of options

The budgetary process sits firmly within the strategic leadership framework, and should link into the overall management and planning cycle, rather than being seen as an additional activity that is the responsibility of the finance manager.

Questions governors might want to ask:

- are school improvement initiatives prioritised, costed, and linked to the budget?
- are all new initiatives fully costed before your school is committed to the proposal?

## 10. List of contracts with costs and renewal dates

Each year your school must review its contracts for all of its services to check which ones are due for renewal. Check that contracts are good value for money (VFM) and meet the school's needs.

Questions governors might want to ask:

- are all contracts due for renewal re-tendered/reviewed for VFM before renewal?
- are there any regular payments for services that are an invoice-only contract? Include all goods and services on a contracts list, including single-item and routine purchases, such as stationery. Check all suppliers are on contracts list, and review the overall list for value for money (VFM)
- are all contracts for the supply of goods and services captured and reviewed regularly on an up-to-date register?