

**Number: WG53045**

Welsh Government  
Consultation – summary of response

# The School Funding, Budget Statements and Outturn Statements (Wales) Regulations 2026 – summary of responses

20 November 2025

Mae'r ddogfen yma hefyd ar gael yn Gymraeg.  
This document is also available in Welsh.

## Overview

The Welsh Government undertook a consultation between 24 June and 2 September 2025 on potential changes to a number of Regulations in relation to school funding, school budget statements and outturn statements. The changes are designed to provide greater flexibility to allow local authorities to better support schools to manage their school budgets and to provide greater transparency, comparability and consistency in the system, to allow informed budget discussions at all levels.

The consultation gathered stakeholder views which will inform new Regulations, which revoke and remake with amendments the School Funding (Wales) Regulations 2010, the Education Budget Statements (Wales) Regulations 2002 and the Education (Outturn Statements) (Wales) Regulations 2003 into one set of Regulations.

This document provides a summary of responses to the consultation and shows how the Welsh Government is responding to them.

## Action required

This document is for information only.

## Further information and related documents

Large print, Braille and alternative language versions of this document are available on request.

[The School Funding \(Wales\) Regulations 2010](#)

[The Education \(Outturn Statements\) \(Wales\) Regulations 2003](#)

[The Education \(Budget Statements\) \(Wales\) Regulations 2002](#)

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### **Additional copies**

This summary of response and copies of all the consultation documentation are published in electronic form only and can be accessed on the Welsh Government's website.

Link to the consultation documentation: [The School Funding, Budget Statements and Outturn Statements \(Wales\) Regulations 2026 | GOV.WALES](#)

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## Introduction

The consultation sought views on proposed changes which will inform the new The School Funding, Budget Statements and Outturn Statements (Wales) Regulations 2026 (“the proposed 2026 Regulations”), which revoke and remake with amendments the School Funding (Wales) Regulations 2010, the Education Budget Statements (Wales) Regulations 2002 and the Education (Outturn Statements) (Wales) Regulations 2003. Amendments aim to ensure a fair and transparent allocation of resources, enabling schools to effectively manage their finances and meet educational standards. This is particularly important, given the cost-of-living crisis putting schools and local authorities under significant pressure. Amendments will also ensure they reflect current policy and legislation and update terminology accordingly, for example updates required as a result of the Additional Learning Needs and Education Tribunal (Wales) Act 2018.

The School Funding (Wales) Regulations 2010 make provision for the funding of maintained schools in Wales and establishes the financial framework for local authorities and schools. Local authorities set budgets for their schools, which are determined by a local funding formula. They are made under sections 45A, 45AC, 47, 48, 49 and 138(7) and (8) of, and paragraphs 1(7) and 2B of Schedule 14 to, the School Standards and Framework Act 1998. They require a local authority to determine a number of budgets. They first require a local authority to determine its Non-schools Education Budget. This is made up of expenditure items that it will retain responsibility for. The items that form this budget are set out in Schedule 1 to the 2010 Regulations.

Separately the local authority must determine its Schools Budget. This is made up of expenditure items that relate to the provision and running of schools. The items that form this budget are set out in regulation 6 of the 2010 Regulations.

Having formed the Schools Budget the local authority must then deduct from it the items of expenditure which are set out in Schedule 2 to the 2010 Regulations. The sum left after those deductions is the Individual Schools Budget and represents the budget that will in turn be allocated to all the schools maintained by a local authority.

Finally, the local authority must allocate all of the Individual Schools Budget to School Budget Shares. That is the actual budget each school maintained by the local authority will receive from it.

The 2010 Regulations also make provision about the process and timings of the budget setting that a local authority must undertake.

The School Funding (Wales) Regulations 2010 (regulation 23) require a local authority when preparing its funding formula to ensure that 70% of its Individual Schools Budget (the budget it will allocate to schools it maintains) is allocated on the basis that 70% will be for pupil-led funding. That means the 70% will be allocated to individual schools on the basis of one or more criteria set out in the 2010 Regulations being pupil numbers, other factors relating to pupil numbers, nursery places and pupils’ special educational needs. The reference to special educational needs will now be construed as also including a reference to additional learning

needs. Local authorities have discretion to distribute the remaining 30% so that they can take account of individual school circumstances, such as the size and condition of school buildings.

Additionally, each local authority must maintain a financial scheme outlining the financial relationship between the authority and its schools. This scheme details the responsibilities of headteachers and governing bodies concerning budget management and sets conditions for financial delegation.

The Education (Budget Statements) (Wales) Regulations 2002 (made under sections 52 and 138 of the School Standards and Framework Act 1998) and the Education (Outturn Statements) (Wales) Regulations 2003 (made under sections 52, 138 and 148 of the School Standards and Framework Act 1998) specify the form, information and manner of publication of budget and outturn statements provided by the local authority.

## What is the current position?

Decisions on the level of funding available to schools and to other services are made by each local authority, as part of their overall budget and council tax setting.

The School Funding (Wales) Regulations 2010 came into force on 1 September 2010 for the financial year 2011 to 2012 and all subsequent years. They were made using powers in the School Standards and Framework Act 1998 (the SSFA). The School Funding (Wales) Regulations 2010 amalgamated and replaced the following Regulations:

- The Non-schools Education Budget, Schools Budget and Individual Schools Budget (Wales) Regulations 2003.
- The Schools Budget Shares (Wales) Regulations 2004.
- The Education (Local Authority Financial Schemes) (Wales) Regulations 2004.

The School Funding (Wales) Regulations 2010 makes provision about the following budgets:

- **The Non-schools Education Budget** (previously known as the LEA Budget) relates to central local authority functions and includes the costs of provision of a specialised nature, school improvement, access to education, further education and training for young persons and adults and strategic management.
- **The Schools Budget** covers expenditure directly aimed at supporting schools for which the local authority may retain funding centrally, such as Additional Learning Needs (ALN) services, school meals and milk. The amount of expenditure retained centrally is deducted from the Schools Budget and the remainder is the Individual Schools Budget.
- **The Individual Schools Budget** (ISB) is divided between the schools maintained by the local authority and delegated to schools.

The School Funding (Wales) Regulations 2010 places duties on local authorities to allocate, determine and notify schools and Welsh Ministers of their school budgets. They detail classes or description of expenditure for the purposes of the budgets set out in the Regulations. They also require that 70% of a local authority's Individual Schools Budget is pupil-led and outline what is required in a local authority's financial scheme, publishing arrangements and approval of revisions.

The Education (Budget Statements) (Wales) Regulations 2002 prescribe the form, information and manner of publication of budget statements provided by the local authority. These statements are for budgeted spending for the upcoming financial year.

The Education (Outturn Statements) (Wales) Regulations 2003 specify the form, information and manner of publication of budget outturn statements provided by the local authority. These statements are for actual spending and reserves.

## What was the proposal for change?

For many years, concerns have been raised about the level of school spending per pupil, differences across local authorities and between schools and whether funding levels are sufficient to meet the needs of pupils.

This led to the Children, Young People and Education Committee launching an inquiry into school funding in Wales. The Committee's [School Funding in Wales](#) report contained 21 recommendations, including a recommendation that the Welsh Government review the statutory powers available to local authorities under the School Funding (Wales) Regulations 2010.

Following the Children, Young People and Education Committee's report, Welsh Government commissioned Luke Sibieta, an independent consultant to undertake an analysis of the school funding system and recommendations for improvements. The [Review of School Spending in Wales](#) contained 12 recommendations. It reported the many complexities in school funding across Wales and recommended the need for more transparency and consistency in our funding.

Recently, the Welsh Government undertook a review of local authority school funding formulae. [The Review of School Funding Formula](#) recommended that the 2010 Regulations should be revised.

We have considered the evidence in the above reports and the proposed amendments intend to address a number of the recommendations.

The proposed amendments will not affect change to the local authority's overall education budget.

Proposed changes aim to ensure a more transparent, consistent, and equitable approach to school funding across local authorities while maintaining the principles of local decision making and democratic accountability.

## Summary of responses

The consultation ran from 24 June to 2 September 2025. We received a total of 40 responses, from a cross-section of education stakeholders, including local authorities, trade unions, schools and diocesan authorities. 23 of the respondents wished to remain anonymous.

A list of organisations that responded can be found at Annex A.

Most of the questions asked for an 'agree' or 'disagree' response, along with any supporting comments. Not all respondents answered every question. However, all responses that answered at least one question or provided comments on the proposals were considered. Numbers shown in each of the tables below are based on the number who responded to that particular question. Some responses did not input whether they agree or disagree and therefore are not counted in the totals, the comments are however still included. This summary is not an exhaustive record of all the comments made, and the absence of a particular issue does not indicate that it has been ignored or is less important.

In this summary we have grouped the analysis of consultation responses in the same way the questions appeared in the consultation document.

## Analysis of consultation responses

### Federated schools budgets

#### Question 1

Do you agree with allowing the merging of federated school budgets to create a single budget across the federation?

|               |           |                  |          |                                     |          |
|---------------|-----------|------------------|----------|-------------------------------------|----------|
| <b>Agreed</b> | <b>27</b> | <b>Disagreed</b> | <b>3</b> | <b>Neither agreed nor disagreed</b> | <b>5</b> |
|---------------|-----------|------------------|----------|-------------------------------------|----------|

#### Summary analysis:

The majority of respondents agreed with the proposal, a number specified this should be as long as budget amalgamation is optional/not mandatory. A number expressed views that the change would improve strategic planning, resource sharing, financial management, staff movement, and reduce bureaucracy and admin.

Some responded that clear guidance would be required, with one respondent specifically requesting guidance around managing disamalgamation.

Respondents noted importance of ensuring schools still have individual schools' budgets within the local authority formula, prior to amalgamating the budgets for a federation.

Two respondents raised concerns around financial accountability and where schools have different budget positions.

#### Welsh Government response:

Given the support to the proposal to allow the merging of federated school budgets to create a single budget across the federation, the Welsh Government intends to include this provision within the proposed 2026 Regulations.

The Welsh Government notes the concerns raised but believe this is addressed by ensuring budgets are only amalgamated when all schools within the federation agree.

The Welsh Government intends to publish guidance to support implementation.

### Calculation of pupil numbers

#### Question 2

Do you agree with local authorities being required to use the latest January PLASC data for calculating pupil numbers in initial budget share determinations?

|               |           |                  |          |                                     |          |
|---------------|-----------|------------------|----------|-------------------------------------|----------|
| <b>Agreed</b> | <b>24</b> | <b>Disagreed</b> | <b>9</b> | <b>Neither agreed nor disagreed</b> | <b>3</b> |
|---------------|-----------|------------------|----------|-------------------------------------|----------|

#### Summary analysis:

Many commented that requiring all local authorities to use the same set fixed data sets to calculate pupil numbers would help improve consistency, predictability and fairness.

Some raised concerns about the particular data set, expressing views that the latest verified PLASC would be out of date by the time required for budget setting and not accurately reflect pupil numbers in the budget year; one noted this would be outside of data sets permitted under current Regulations. Some respondents felt using January PLASC data also posed risks as the data is unverified and may not be available in time, risking holding up budget allocations.

Concerns were raised, by some respondents, about using one fixed data set, citing possible impacts on schools with fluctuations of in-year pupil numbers, believing small schools were especially vulnerable. It was noted that allocations should be responsive to actual demands.

Of the respondents who agreed to the proposal, some did so with the provision that there should also be flexibility to adjust in year.

Some respondents suggested that use of projections and flexibility within the count, ensures budgets can respond better to demands and is fairer to schools.

### **Welsh Government response:**

The Welsh Government will not proceed with the proposal to require local authorities to use the latest January PLASC data for calculating pupil numbers in initial budget share determinations. Taking account of feedback, this regulation will remain unchanged.

This will still allow local authorities to use PLASC data for calculating numbers in initial budget shares should they choose, however, it will allow flexibility for local authorities to calculate using the best information available to them and adjust where necessary.

The Welsh Government will provide guidance that local authorities ensure clarity in what data they are using to calculate pupil numbers to ensure transparency and predictability.

## **Deprivation factors to be used in formulae**

### **Question 3**

Do you agree with proposed changes to require the deprivation factor in local authorities' funding formulae to take into account an amount for each pupil in respect of a pupil's eligibility for free school meals?

|               |           |                  |          |                                     |          |
|---------------|-----------|------------------|----------|-------------------------------------|----------|
| <b>Agreed</b> | <b>28</b> | <b>Disagreed</b> | <b>6</b> | <b>Neither agreed nor disagreed</b> | <b>3</b> |
|---------------|-----------|------------------|----------|-------------------------------------|----------|

### **Summary analysis:**

The majority of respondents agreed with this proposal.

Respondents widely supported the robustness of eligibility for free school meals (eFSM) as a reliable, accessible, and current indicator of socio-economic deprivation. Some also noted strong evidence of socio-economic deprivation and lower education outcomes and the wider economical benefits of increasing deprivation funding in schools.

A number of local authorities noted that this reflects current practice as they are already using eFSM data to allocate deprivation funding within their formulae.

Some respondents whilst agreeing to the proposal, expressed it should be used in conjunction with other measures to better reflect wider deprivation.

Of those that disagreed with the proposal, three did not provide a reason, one agreed with the use of eFSM but noted other factors of deprivation should also be considered, one raised concerns about potential funding implications for schools with fewer disadvantaged pupils, noting that the Pupil Development Grant (PDG) already provides additional funding for deprivation. Two respondents questioned the reliability of eFSM data due to the impact of universal primary free school meals and sign-up rates. This concern was also echoed by some who supported the proposal.

One respondent proposed the Welsh Government provide guidance on the percentage of the formula that should be allocated to deprivation funding, whilst another respondent proposed that the Welsh Government should not set an amount as that would depend on overall budget and would risk driving formulae.

#### **Welsh Government response:**

Given the support to the proposal to require the deprivation factor in local authorities' funding formulae to take into account an amount for each pupil in respect of a pupil's eligibility for free school meals, the Welsh Government intends to include this provision within the proposed 2026 Regulations.

The Welsh Government recognise there are some limitations with the data set however, it remains key indicators of socio-economic deprivation and provides clear, validated data. The Welsh Government have ongoing work to improve the collection and reliability of socio-economic disadvantage data; and to identify the most appropriate socio-economic indicators for schools and learners.

The proposed amendment provides that local authorities may use eFSM and/or the Welsh Index of Multiple Deprivation (WIMD) data sets either individually, in combination with each other, or alongside other relevant indicators. However, the regulatory changes will require that at least one of these data sets is incorporated to some extent within the deprivation element of the funding formula to ensure a consistent approach to addressing socio-economic deprivation.

#### **Question 4**

Do you agree with proposed changes to require the deprivation factor in local authorities' funding formulae to take into account an amount for each pupil in respect of a pupil's residency in relation to the Welsh Index of Multiple Deprivation?

|               |           |                  |           |                                     |          |
|---------------|-----------|------------------|-----------|-------------------------------------|----------|
| <b>Agreed</b> | <b>19</b> | <b>Disagreed</b> | <b>11</b> | <b>Neither agreed nor disagreed</b> | <b>7</b> |
|---------------|-----------|------------------|-----------|-------------------------------------|----------|

### **Summary analysis:**

A key theme among respondents who supported the proposal was the recognition that the Welsh Index of Multiple Deprivation (WIMD) offers a more comprehensive representation of poverty, particularly when used alongside indicators such as eligibility for free school meals (eFSM). Respondents noted that the proposal would contribute to a more accurate reflection of the socio-economic challenges faced by both pupils and their communities, thereby improving the alignment of funding with actual need.

Several local authorities reported that they already incorporate WIMD data within their funding formulae, while others indicated plans to do so in the near future.

As with the previous question, respondents highlighted the strong evidence linking socio-economic deprivation with lower educational outcomes, also referencing the broader economic benefits of increasing funding to schools serving deprived communities.

Among those who did not support the proposal, the primary concerns related to the practical application of WIMD data within funding formulae. Specific issues included the mismatch between school postcodes and pupil catchment areas, particularly for Welsh medium and faith-based schools, where the location of the school may not accurately reflect the socio-economic profile of its pupil population. One respondent expressed concern about the adequacy of WIMD data in capturing rural deprivation. Four respondents who opposed the proposal did not provide any rationale for their position.

### **Welsh Government response:**

Given the general support and recognition of the benefits, to require the deprivation factor in local authorities' funding formulae to take into account an amount for each pupil in respect of a pupil's residency in relation to the Welsh Index of Multiple Deprivation, the Welsh Government intends to include this provision within the proposed 2026 Regulations.

The Welsh Government recognise there are some limitations with the data set however, it remains a key indicator of socio-economic deprivation and provides clear, validated data. The Welsh Government have ongoing work to improve the collection and reliability of socio-economic disadvantage data; and to identify the most appropriate indicators for schools and learners.

The proposed amendment provides that local authorities may use eFSM and/or WIMD data sets either individually, in combination with each other, or alongside other relevant indicators. However, the regulatory changes will require that at least one of these data sets is incorporated to some extent within the deprivation element of the funding formula to ensure a consistent approach to addressing socio-economic deprivation.

## School balances

### Question 5

Do you agree with proposals to amend the existing numerical surplus values at which an authority may direct a governing body in respect of surplus to 5% of the school budget for all schools?

|        |    |           |   |                              |   |
|--------|----|-----------|---|------------------------------|---|
| Agreed | 28 | Disagreed | 6 | Neither agreed nor disagreed | 2 |
|--------|----|-----------|---|------------------------------|---|

### Summary analysis:

The majority of stakeholders expressed support for using a percentage-based approach to surplus levels, noting that it offers a fairer reflection of school size and budget variations. Many agreed that applying a percentage introduces greater equity across the sector, ensuring that surplus thresholds are proportionate and not biased toward larger or smaller schools.

While one felt that the proposed 5% threshold may be too low, others acknowledged that it serves primarily as a trigger point rather than a strict cap. There was broad recognition of the need for flexibility, particularly in cases where schools may need to retain higher surpluses due to specific circumstances, such as planned investments or future budget pressures. The position of faith schools was highlighted, which are required to contribute more significantly to capital projects.

Two stakeholders suggested a fixed monetary figure should be retained, either in isolation or alongside the percentage. Another noted that static figures quickly become outdated due to inflation.

One respondent raised a query around the point in time where the balance is calculated, noting their view that it should not include accumulative budgets. Views were also mixed between the need to reinvest surplus money to support current learners and consideration of good financial management of schools building up surplus balances over time.

### Welsh Government response:

Given the support to the proposal to amend the existing numerical surplus values at which an authority may direct a governing body in respect of surplus to 5% of the school budget for all schools, the Welsh Government intends to include this provision within the proposed 2026 Regulations.

The amended Regulations will set out the point in time in which the balance should be calculated.

The Welsh Government's position is that if a school has a plan to keep money above the surplus limit it should be allowed to do so, but such plans must be good and stand up to scrutiny. The school must provide evidence to show that monies have been set aside for a specific purpose, will be spent within a defined timescale with a fixed end point; and have been properly approved.

The Welsh Government intends to publish guidance to support implementation.

### Question 6

Do you agree with the proposal that local authorities' financial schemes should include a statement setting out how the local authority will monitor the governing body's use of surplus balances?

|        |    |           |   |                              |   |
|--------|----|-----------|---|------------------------------|---|
| Agreed | 27 | Disagreed | 4 | Neither agreed nor disagreed | 5 |
|--------|----|-----------|---|------------------------------|---|

#### Summary analysis:

The majority of respondents expressed agreement with the proposal. Many local authorities noted that they already undertake such monitoring and welcomed the inclusion of a formal statement as a means of strengthening transparency and accountability in financial governance.

Respondents emphasised that monitoring should be supportive rather than punitive, encouraging open and constructive dialogue between schools and local authorities. It was widely acknowledged that clear oversight promotes accountability and fosters a shared understanding of financial expectations.

Concerns were raised regarding the rationale for schools holding significant surplus balances, with some questioning whether sufficient investment was being made in pupils. The proposal was seen as a way to ensure that funding is being used effectively and in line with educational priorities.

However, a minority felt that schools holding surplus balances should not be subject to excessive scrutiny for healthy financial management. They suggested that attention should instead be directed towards schools with large deficits. Additionally, some respondents raised questions about the process for reclaiming surplus funds and how this would be managed in practice.

#### Welsh Government response:

Given the support to the proposal that local authorities' financial schemes should include a statement setting out how the local authority will monitor the governing body's use of surplus balances, the Welsh Government intends to include this provision within the proposed 2026 Regulations.

The intention is that the proposals will ensure clear accountability processes.

### Question 7

Do you agree that local authorities' financial schemes should contain a provision requiring governing bodies to submit a deficit recovery plan to their local authority for approval?

|        |    |           |   |                              |   |
|--------|----|-----------|---|------------------------------|---|
| Agreed | 28 | Disagreed | 4 | Neither agreed nor disagreed | 3 |
|--------|----|-----------|---|------------------------------|---|

#### Summary analysis:

The majority of respondents agreed that local authorities' financial schemes should include a provision requiring governing bodies to submit a deficit recovery plan for approval. Many noted that this practice is already in place across several local authorities, indicating broad alignment with current operational practice. Respondents commented that the inclusion of such a requirement would support financial sustainability and ensure early intervention when schools face financial challenges.

Respondents emphasised that while recovery plans are essential, they must be developed collaboratively and take into account the specific pressures and circumstances faced by individual schools.

A concern was raised about the effectiveness of existing plans, particularly where schools had significant deficits and the need to strengthen accountability mechanisms to ensure compliance and responsible financial management.

Some suggested that the provision should be in a separate, standalone document rather than embedding it within the financial scheme, to allow for easier updates and amendments.

Respondents also highlighted the need to minimise additional administrative burden and requested clear guidance on the process to follow when plans are not adhered to. The introduction of a standardised template for deficit recovery plans was widely supported as a means to promote consistency and clarity across local authorities.

Of the four respondents who disagreed, two did not provide any reasons, one that it was already happening and one raised concerns around additional administrative work for schools with no accompanying funding.

#### **Welsh Government response:**

Given the support to the proposal that local authorities' financial schemes should contain a provision requiring governing bodies to submit a deficit recovery plan to their local authority for approval, the Welsh Government intends to include this provision within the proposed 2026 Regulations.

The Welsh Government will work with local authorities to consider development of a standard template for deficit recovery plans.

#### **Question 8**

Do you agree that local authorities' financial schemes should include the form, process, persons involved and timings around deficit recovery plans?

|               |           |                  |          |                                     |          |
|---------------|-----------|------------------|----------|-------------------------------------|----------|
| <b>Agreed</b> | <b>24</b> | <b>Disagreed</b> | <b>7</b> | <b>Neither agreed nor disagreed</b> | <b>5</b> |
|---------------|-----------|------------------|----------|-------------------------------------|----------|

#### **Summary analysis:**

The majority of respondents agreed with the proposal. Many welcomed the process as essential to promoting transparency, shared understanding, and consistency in financial planning across all schools. Respondents emphasised the importance of a

consistent approach to ensure that all schools in Wales are treated equitably, with effective monitoring and support for schools.

There was support for the inclusion of guidance that clarifies a number of areas including the consequences of non-compliance, recruitment restrictions, and maximum allowable deficit levels. Some suggested that the provision should be in a separate, standalone document rather than embedding it within the financial scheme, to allow for easier updates and amendments.

Respondents also advised that roles should be described generically rather than naming specific individuals, to maintain flexibility and relevance over time.

A few respondents felt that overly prescriptive requirements could undermine governing bodies' decision-making autonomy and add administrative burden. However, others noted the proposal should lead to reduced administration and bureaucracy for schools.

To support implementation, it was suggested that the Welsh Government consider allowing local authorities to top-slice budgets to fund the additional administrative capacity required to manage deficit recovery processes effectively.

### **Welsh Government response:**

Given the support to the proposal that local authorities' financial schemes should include the form, process, persons involved and timings around deficit recovery plans, the Welsh Government intends to include this provision within the proposed 2026 Regulations.

Regulations will refer to the address of where a deficit recovery plan should be sent, rather than naming specific individuals.

## **Delegation**

### **Question 9**

Do you agree that local authorities' financial schemes should contain a list of expenditure descriptions or criteria (from the local authority's Schools Budget) which are not delegated to schools, but are retained centrally by the local authority to spend on schools?

|               |           |                  |          |                                     |          |
|---------------|-----------|------------------|----------|-------------------------------------|----------|
| <b>Agreed</b> | <b>29</b> | <b>Disagreed</b> | <b>5</b> | <b>Neither agreed nor disagreed</b> | <b>2</b> |
|---------------|-----------|------------------|----------|-------------------------------------|----------|

### **Summary analysis:**

The majority of respondents agreed with the proposal, with a key theme being its potential to improve transparency, consistency, and comparability across local authorities. Many felt that the inclusion of a clear list of centrally retained expenditure would support better understanding among schools and stakeholders, and facilitate benchmarking of practices across Wales.

There was a request for clear and consistent guidance to accompany any changes, including defined categories or types of expenditure to be listed, to ensure a shared understanding and to avoid ambiguity in implementation.

Several local authorities noted that such a list would be helpful in comparing approaches and practices across regions and would contribute to improved financial clarity. The proposal was widely viewed as a significant step forward in improving transparency and enabling schools to better understand the financial arrangements that affect them.

However, a minority of respondents expressed concerns. One felt that the proposal might be too detailed for inclusion in a financial scheme which requires democratic approval. Another advocated for full delegation of funding to schools, allowing them to make autonomous decisions about purchasing services from the local authority. There was also a call for a nationally consistent approach, with clear definitions of what must and must not be delegated across Wales.

Overall, while there was strong support for the proposal. Respondents stressed the importance of clear guidance, consistency, and a balanced approach that respects both transparency and local autonomy.

#### **Welsh Government response:**

Given the support to the proposal that local authorities' financial schemes should contain a list of expenditure descriptions or criteria (from the local authority's Schools Budget) which are not delegated to schools but are retained centrally by the local authority to spend on schools, the Welsh Government intends to include this provision within the proposed 2026 Regulations.

The Welsh Government intends to publish guidance to support implementation.

## **Publication**

### **Question 10**

Do you agree with proposed changes requiring local authorities' financial schemes to be published on their website, with an electronic copy being provided to the governing body and headteacher of each school it maintains?

|               |           |                  |          |                                     |          |
|---------------|-----------|------------------|----------|-------------------------------------|----------|
| <b>Agreed</b> | <b>29</b> | <b>Disagreed</b> | <b>2</b> | <b>Neither agreed nor disagreed</b> | <b>5</b> |
|---------------|-----------|------------------|----------|-------------------------------------|----------|

### **Summary analysis:**

The majority of respondents expressed agreement with the proposal, recognising its potential to strengthen transparency, comparability, and fairness across the education system. Some local authorities noted that they already publish their schemes but some commented that they are not always easy to find.

Respondents highlighted that such transparency would support schools in making informed decisions and foster greater trust in financial processes. It was suggested that this approach would offer a simple and effective mechanism for ensuring that financial information is accessible to all stakeholders.

One local authority who disagreed with the proposal, indicated that they supported the publication of financial schemes but disagreed with the need for direct email distribution, suggesting instead that a link to the information would be sufficient. One other respondent disagreed with the proposal but provided no reason.

It was suggested that it would be helpful if there was a standard template to make it easier to compare across local authorities.

#### **Welsh Government response:**

Given the support to the proposed changes requiring local authorities' financial schemes to be published on their website, with an electronic copy being provided to the governing body and headteacher of each school it maintains, the Welsh Government intends to include this provision within the proposed 2026 Regulations.

The Welsh Government will work with local authorities to consider development of a standard template for financial schemes.

#### **Question 11**

Do you agree with proposed changes requiring local authorities' school funding formulae to be published on their website?

|               |           |                  |          |                                     |          |
|---------------|-----------|------------------|----------|-------------------------------------|----------|
| <b>Agreed</b> | <b>29</b> | <b>Disagreed</b> | <b>3</b> | <b>Neither agreed nor disagreed</b> | <b>5</b> |
|---------------|-----------|------------------|----------|-------------------------------------|----------|

#### **Summary analysis:**

The majority of respondents supported the proposed requirement for local authorities to publish their school funding formulae on their websites. This change was widely welcomed as a step toward improving transparency and accountability in the allocation of education funding. Respondents noted that public access to this information would help build trust and understanding among stakeholders, including schools, governing bodies, and the wider community. It was noted that access to the information would enable stakeholders to understand drivers and advocate for equality.

Three respondents disagreed with the proposal, two provided no reasons whilst one felt that the information is too complex. Several respondents emphasised that the published formulae must be easily accessible and presented in a format that is understandable. Accompanying explanatory notes or guidance were suggested to aid interpretation. Training and support were also recommended to ensure that stakeholders can engage meaningfully with the information.

Some local authorities reported that they already published their funding formula, whilst others noted that publication would also facilitate benchmarking and comparison across regions. A number of stakeholders raised the need for consistency and welcomed the proposed Welsh Government budget statement template as a means to achieve this.

There were calls for the Welsh Government to play a more active role in monitoring and quality assuring the published formulae, ensuring consistency and holding local authorities to account.

**Welsh Government response:**

Given the support to the proposed changes requiring local authorities' school funding formulae to be published on their website, the Welsh Government intends to include this provision within the proposed 2026 Regulations.

The Welsh Government will work with local authorities to consider how the information published can be accessible and understandable and include recommendations in guidance.

## **School Funding Regulations - Schedules**

### **Question 12**

Do you agree with the proposed amendment to Schedule 1 to the 2010 Regulations (the classes or descriptions for the Non-schools Education Budget, previously known as the Local Authority Budget) to include non-domestic rates?

|               |           |                  |          |                                     |           |
|---------------|-----------|------------------|----------|-------------------------------------|-----------|
| <b>Agreed</b> | <b>21</b> | <b>Disagreed</b> | <b>4</b> | <b>Neither agreed nor disagreed</b> | <b>11</b> |
|---------------|-----------|------------------|----------|-------------------------------------|-----------|

**Summary analysis:**

The majority of respondents agreed with the proposed amendment to Regulations to include non-domestic rates (NDR) within the Non-schools Education Budget. This change was broadly welcomed as a practical and logical adjustment that reflects the reality of financial management within schools and local authorities.

Many respondents noted that NDR is outside the control of individual schools and its delegation can distort school budgets. The current approach, where NDR is delegated only to be recouped at the same amount, was described as unnecessarily bureaucratic. The proposed amendment was seen as a way to simplify the process, reduce administrative burden, and improve clarity in budget allocations.

Of those that disagreed, one noted that NDR is a clear cost of running a school and should be reported as such, one felt that removing NDR from the Schools Budget to the Non-schools Education Budget went against accounting principles. Two other respondents disagreed but did not provide reason.

Overall, the proposal was viewed as a positive step toward reducing unnecessary administration and bureaucracy.

**Welsh Government response:**

Given the support to the proposed amendment to Schedule 1 to the 2010 Regulations (the classes or descriptions for the Non-schools Education Budget, previously known as the Local Authority Budget) to include non-domestic rates, the Welsh Government intends to include this provision within the proposed 2026 Regulations.

### Question 13

Is there anything you think should be added to or removed from Schedule 1 to the 2010 Regulations?

#### Summary analysis:

While no strong opinions were expressed, a couple of budget items were recommended but with no accompanying rationale. Several respondents offered suggestions regarding the delegation of budgets and the treatment of specific financial responsibilities. One proposal was that all budgets should be delegated to schools, with schools repaying only what they need or choose to use. One respondent raised that bank interest earned on school budgets is not passed on to schools where budgets are not delegated. Another respondent expressed that only budget expenditure of which schools have influence or choice should be delegated.

Respondents highlighted the importance of recognising the statutory responsibilities of both schools and local authorities when determining budget allocations. There were requests for a definitive list outlining what should and should not be included in delegated budgets, to support consistency and transparency across Wales.

To ensure uniform interpretation and application of funding arrangements, respondents called for clear and comprehensive guidance. Such guidance would help local authorities apply policies consistently.

#### Welsh Government response:

The Welsh Government will provide further detail in guidance to enable consistent interpretation of the proposed 2026 Regulations.

### Question 14

Do you agree with the proposed amendment to Schedule 2 to the 2010 Regulations to remove the 0.2% limit for licence fees or subscriptions?

|        |    |           |   |                              |    |
|--------|----|-----------|---|------------------------------|----|
| Agreed | 22 | Disagreed | 2 | Neither agreed nor disagreed | 11 |
|--------|----|-----------|---|------------------------------|----|

#### Summary analysis:

The majority of respondents agreed with the proposal, noting that removing the limit supports greater flexibility in financial management and reduces the need for buy-back arrangements. The change was welcomed as long as it is implemented transparently, with central budgets clearly published.

No reasons were provided by the respondents who disagreed with the proposal.

#### Welsh Government response:

Given the support to the proposed amendment to Schedule 2 to the 2010 Regulations to remove the 0.2% limit for licence fees or subscriptions, the Welsh Government intends to include this provision within the proposed 2026 Regulations.

### Question 15

Is there anything you think should be added to or removed from Schedule 2 to the 2010 Regulations?

**Summary analysis:**

A number of individual budget expenditure headings were proposed for inclusion, however there was no consensus of any particular item. Some items were proposed to allow local authorities to retain funding and provide services centrally, however, others propose that all expenditure should be delegated to schools to decide how they wish to procure or provide the services. Some proposals were outside of the remit of these Regulations.

**Welsh Government response:**

No further action proposed.

**Question 16**

Do you agree with proposed amendments to Schedule 3 to the 2010 Regulations, as set out in the consultation document?

|               |           |                  |          |                                     |           |
|---------------|-----------|------------------|----------|-------------------------------------|-----------|
| <b>Agreed</b> | <b>15</b> | <b>Disagreed</b> | <b>3</b> | <b>Neither agreed nor disagreed</b> | <b>16</b> |
|---------------|-----------|------------------|----------|-------------------------------------|-----------|

**Summary analysis:**

The majority of respondents agreed with the proposal, citing increased flexibility for local authorities to include any factor or criteria they deem appropriate for expenditure under the definition of the Schools Budget in their funding formula. A number of respondents requested guidance to further support clarity for local authorities and ensure a consistent approach.

One respondent disagreed with the retention of paragraph 25, due to budgetary pressures. However this regulation does not compel a local authority to allocate funding, only that where it does so, it is done in a transparent and equitable way across all its schools.

**Welsh Government response:**

Given the support to the proposed amendments to Schedule 3 to the 2010 Regulations, as set out in the consultation document, the Welsh Government intends to include this provision within the proposed 2026 Regulations.

The Welsh Government intends to publish guidance to support implementation.

**Budget statements****Question 17**

Do you agree with our proposed amendments to Part 1, as set out in Annex A?

|               |           |                  |          |                                     |           |
|---------------|-----------|------------------|----------|-------------------------------------|-----------|
| <b>Agreed</b> | <b>15</b> | <b>Disagreed</b> | <b>3</b> | <b>Neither agreed nor disagreed</b> | <b>16</b> |
|---------------|-----------|------------------|----------|-------------------------------------|-----------|

**Summary analysis:**

The majority of those who responded to this question agreed with the proposed amendments. Respondents welcomed the template commenting on it supporting consistency, transparency and comparability.

There were a number of comments on the inclusion of year 2 and 3 indicative budgets, centred around the need to ensure this is clearly caveated as indicative only. One respondent commented on the need for the Welsh Government to provide longer term budgets. It was also suggested guidance is provided to ensure all local authorities are calculating indicative budgets in a consistent way.

Further guidance was also requested to ensure the categories of Core, Discretionary and Additional Learning Needs Delegations are clear and consistently applied.

**Welsh Government response:**

Given the support to the proposed amendments to Part 1, as set out in Annex A to the consultation document, the Welsh Government intends to include this provision within the proposed 2026 Regulations.

The Welsh Government intends to publish guidance to support implementation.

**Question 18**

We've set out proposed amended notes to accompany Part 1 in Annex A. Do you agree with the proposed notes to Part 1?

|               |           |                  |          |                                     |           |
|---------------|-----------|------------------|----------|-------------------------------------|-----------|
| <b>Agreed</b> | <b>17</b> | <b>Disagreed</b> | <b>1</b> | <b>Neither agreed nor disagreed</b> | <b>16</b> |
|---------------|-----------|------------------|----------|-------------------------------------|-----------|

**Summary analysis:**

The consensus of responses was that the notes are clear, logical and easy to follow. Many commented that the notes will support greater consistency, comparability and transparency.

It was noted that clear notes will reduce administration time and understanding of the budget statement administration process, particularly when there are staff changes.

**Welsh Government response:**

Given the support to the proposed amended notes to accompany Part 1 in Annex A to the consultation document, the Welsh Government intends to include this provision within the proposed 2026 Regulations.

The Welsh Government intends to publish guidance to support implementation.

**Question 19**

Do you agree with amendments to Part 2 and Part 3, as set out in Annex B?

|               |           |                  |          |                                     |           |
|---------------|-----------|------------------|----------|-------------------------------------|-----------|
| <b>Agreed</b> | <b>14</b> | <b>Disagreed</b> | <b>2</b> | <b>Neither agreed nor disagreed</b> | <b>17</b> |
|---------------|-----------|------------------|----------|-------------------------------------|-----------|

**Summary analysis:**

There was strong agreement among respondents who addressed this question. Respondents supported the move toward consistent reporting across local authorities, recognising its value in enabling comparisons, improving transparency, and strengthening financial oversight.

The inclusion of pupil-led funding was noted as helpful, especially given how certain formula elements relate to funding beyond the Age-Weighted Pupil Unit.

Some further suggestions were made including to combine site-specific and school-specific categories, and provision of an automated system to complete the reporting requirements.

Some local authorities noted they already provide the information so would be easy to complete; however, concerns were raised by one authority about the potential increase in workload.

**Welsh Government response:**

Given the support to the proposed amendments to Part 2 and Part 3, as set out in Annex B to the consultation document, the Welsh Government intends to include this provision within the proposed 2026 Regulations.

In addition, Parts 2 and 3 will now be combined to further simplify the process. Site specific and school specific lines have been combined. Additional learning needs (ALN) funding will include two separate categories; ALN Discretionary Delegation and ALN Core Delegation, to provide further clarity and transparency.

The Welsh Government intends to publish guidance to support implementation.

The Welsh Government will provide a template for local authorities to use which aims to simplify the process and reduce administration.

**Question 20**

We've set out proposed amended notes to accompany Part 2 and Part 3 in Annex B. Do you agree with the proposed notes to Part 2 and Part 3?

|               |           |                  |          |                                     |           |
|---------------|-----------|------------------|----------|-------------------------------------|-----------|
| <b>Agreed</b> | <b>16</b> | <b>Disagreed</b> | <b>2</b> | <b>Neither agreed nor disagreed</b> | <b>16</b> |
|---------------|-----------|------------------|----------|-------------------------------------|-----------|

**Summary analysis:**

The consensus of responses was that the notes are clear, logical and easy to follow. Many commented that the notes will support greater consistency, comparability and transparency.

It was noted that clear notes will reduce administration time and understanding of the budget statement administration process particularly when there are staff changes.

**Welsh Government response:**

Given the support to the proposed amended notes to accompany Part 2 and Part 3 in Annex B to the consultation document, the Welsh Government intends to include this provision within the proposed 2026 Regulations.

Further amendments to the notes will be made to reflect the changes outlined in question 19.

The Welsh Government intends to publish guidance to support implementation.

### Question 21

Do you agree with proposed changes that the deadline for outturn statements to be submitted to the Welsh Government is amended to 31 July?

|        |    |           |   |                              |   |
|--------|----|-----------|---|------------------------------|---|
| Agreed | 26 | Disagreed | 2 | Neither agreed nor disagreed | 7 |
|--------|----|-----------|---|------------------------------|---|

### Summary analysis:

There was strong agreement among respondents, noting the amendment aligns with current practice and its alignment with Revenue Outturn returns. It was highlighted that the proposed amended date supports more coordinated data reporting and provides data in a timely manner to enable better financial planning.

Of the respondents who disagreed with the proposal, one suggested an earlier date should be proposed whilst one suggested it should be a set period from receiving the budget to providing financial statements, and dates should avoid end of term or school holidays.

### Welsh Government response:

Given the support to the proposed changes that the deadline for outturn statements to be submitted to the Welsh Government is amended to 31 July, the Welsh Government intends to include this provision within the proposed 2026 Regulations.

This amendment reflects current practice.

## Impacts

### Question 22

Do you have any views on the potential impacts of our proposals on human rights and the 9 protected characteristics, as described in the Equality Act 2010?

### Summary analysis:

Respondents raised concerns around current ALN funding, deprivation funding, and funding for faith schools. However, it was widely recognized that the proposed amendments set out in the proposals will provide more consistent, comparable and transparent information, enabling any inequalities to be more easily identified and challenged.

### Welsh Government response:

The Welsh Government have developed appropriate Impact Assessments to ensure impacts of the proposals are identified, considered and mitigated. This process is ongoing during the development of the proposed Regulations, and a report will be published by the Welsh Government when complete.

### **Question 23**

Are there any other costs, benefits or risks associated with the proposals?

#### **Summary analysis:**

Respondents identified several benefits associated with the proposals, particularly in relation to increased transparency, consistency, and comparability of financial information across local authorities. These improvements were seen as contributing to a better understanding of funding arrangements and promoting more equitable resource allocation.

However, concerns were raised about the administrative impact on local authorities, including the need for training to implement new requirements effectively. Potential risks were noted around increased costs for local authorities, particularly in relation to redrafting funding formulae, updating schemes, and conducting consultations.

Some respondents highlighted the risk of budget fluctuations for individual schools.

#### **Welsh Government response:**

The Welsh Government recognises that there could be additional administration for local authorities when amendments are introduced including the need for consultation with schools and stakeholders and amendments to existing documents. However, longer term, it is envisioned that administration time will be reduced.

The Welsh Government are working closely with local authorities via the School Funding Review Working Group to test budget statement forms and produce comprehensive guidance and templates to assist with implementation.

It is proposed that Regulations will be made in early 2026, however, they will not come into effect until 1 April 2027. This will allow sufficient time for local authorities to conduct consultations and make any necessary amendments to their processes and/or policies.

The Welsh Government recognise that there may be some initial fluctuations to individual school budgets, should local authorities need or choose to amend funding formula.

However, the Welsh Government are not prescribing amounts or values to be allocated, this is a matter for individual local authorities. It is possible that fluctuations may be due to increased compliance with Regulations where perhaps previously there had been misinterpretations, and a more equitable distribution of funding.

### **Welsh Language**

#### **Question 24**

What, in your opinion, would be the likely effects of the proposed changes on the Welsh language? We are particularly interested in any likely effects on opportunities to use the Welsh language and on not treating the Welsh language less favourably than English.

- Do you think that there are opportunities to promote any positive effects?
- Do you think that there are opportunities to mitigate any adverse effects?

**Question 25**

In your opinion, could the proposed changes be formulated or changed so as to:

- have positive effects or more positive effects on using the Welsh language and on not treating the Welsh language less favourably than English; or
- mitigate any negative effects on using the Welsh language and on not treating the Welsh language less favourably than English?

**Summary analysis:**

24 respondents provided responses to question 24 and to question 25. The majority felt the proposals would not have any negative effects on the use of the Welsh language and no further changes were proposed. It was noted the need to ensure that all documents are bilingual.

One respondent raised that the improved transparency would enable easier monitoring of investment in Welsh language, whilst one respondent raised concerns that if proposals limited local authority ability to make local decisions it may impact of funding allocated to specific areas such as Welsh language provision.

**Welsh Government response:**

The Welsh Government reiterates its commitment to the Welsh Language Standards and will ensure that all regulatory processes uphold the principle of linguistic equality.

## **Next steps**

The Welsh Government is grateful to everyone who took the time to respond to this consultation. As a summary document, not all the issues raised in responses will have been reflected fully, but each response has been considered carefully.

It is the intention to make the School Funding, Budget Statements and Outturn Statements (Wales) Regulations 2026 largely as proposed.

In addition, where comments have been made that need to be addressed but would not require changes to the proposed 2026 Regulations, they will be addressed in guidance that will be published to support implementation.

## **Annex A – List of respondents**

A total of 40 responses were received to this consultation. Of these, 23 respondents asked to remain anonymous. Those listed here are the people and organisations who gave their permission to publish their details.

Canolfan Addysg Y Bont

Mark Owen

ASCL

Powys County Council

The Catholic Education Service

Caerphilly County Borough Council

NAHT Cymru

Bridgend County Borough Council

The Church in Wales

UCAC

Cardiff Council and Cardiff Council School Budget Forum (Joint Response)

NEU Cymru

ADEW and WLGA (Joint Response)

Conwy County Borough Council

Denbighshire County Council

NASUWT Cymru

Flintshire County Council