

## **Budget Forum - Mainstream Formula Review Group 2025-26**

### **Proposal to revise the Schools' Mainstream Funding Formula from April 2026**

#### **1. Membership of Formula Review Group**

<b>Head teachers</b>	<b>Governors</b>	<b>Officers</b>
Blackwell Dave (SS)	Duxbury Jon (PS)	Baker Trevor
Butterworth Ruth (PS)		Cox Rachel
Golding Ty (PS)		Lewis Lisa
Jones Rhys-Angell (3-19)		Mawhinney Sam
Mansfield James (SS)		Monckton Nicola
Thomas Debra (3-19)		
Tweedley Luke (PS)		

The Mainstream Schools' Formula Review group met on 7<sup>th</sup> July and 16<sup>th</sup> September 2025.

#### **2. Terms of Reference**

The 2025/26 Mainstream formula review group was established as a sub-group of the Budget Forum to review the current funding formula for mainstream schools and make recommendations for change.

The current funding formula was implemented following the 2016 review of the funding formula which was approved by Budget Forum and implemented in April 2017.

The areas of focus within the 2025/26 mainstream formula review will be:

- Pupil number data
- Allocation of teaching funding
- Allocation of efficiency savings

#### **3. Adjusted Pupil Numbers**

Pupil funding within the current mainstream funding formula is driven by an averaging "adjusted pupil number" calculation which considers future pupil projections and self corrects for previous year incorrect projections.

Under the current system, schools are funded on pupils based on the following calculation

- Pupil numbers on roll in the January prior to the funding year (which must correlate with Plasc)
- Plus 50% of the pupil projections provided by schools for the following January
- Less 50% of the pupil projections provided by schools in the previous year

## **Rationale for Formula Change**

The current method provides schools with funding pressures where projections have been overestimated, which leads to an automatic claw back of funding in the following financial year.

Welsh Government are currently reviewing funding formulae across Wales and have identified many variations on the methods used to distribute pupil led funding leading to incomparability of pupil led funding across Wales.

The funding regulations advise that funding formulae should be simple, objective, measurable and easy to predict. The current method adopted in the Vale of Glamorgan, appears more complex than in other local authorities.

## **Proposal**

- The current system of an average adjusted pupil number calculation to drive the formula should be replaced with a simple pupil number count in the January prior to the financial year in question. This January pupil count must match the data provided for the latest Plasc.
- The formula will therefore be based on the latest Plasc data (which will be unverified until the summer). For example, the 2026/27 funding formula will be driven by January 2026 Plasc data.
- There will be no adjustment to correct for incorrect projections provided in January 2025.
- Schools will always be funded one-year behind with regards to budget to match pupil numbers for the September intake.
- Nursery pupils will continue to be funded at 0.5FTE.
- The nursery data will also be collected in January with the rest of the school population. The January date is seen as the midpoint of the school year. Whilst it does not fund the pupils that will enrol after Easter, it does provide a full year of funding for the pupils that enrol in January. January admissions are always higher than those in Easter, and schools will therefore not be disadvantaged by this approach.

## **4. Efficiency Savings**

In April 2023, an efficiency saving of £2.75M was allocated to the total schools' budget; a further £1.2M efficiency cut was applied in April 2025.

As a result, there is negative allocation within the schools' formula of £3.95M in respect ongoing efficiency savings to be identified each year.

### **Rationale for Formula Change**

As there has been no official formula review to allocate the £3.95M efficiency savings to formula budget lines, the formula allocates funding for different areas such as teaching, ALN and LSAs and then offsets each school's allocation with a negative savings target.

As a result, each school's allocations for individual budget lines are misleading and not identified net of efficiency savings applied.

### **Proposal**

- The efficiency savings targets will be applied on a pro-rata basis to individual budget lines, including teaching, LSAs, premises and ALN.
- Schools will no longer be provided with efficiency savings targets as a negative formula allocation, but all other allocations will reduce on a pro rata basis.

## **5. Teaching ratios and average teaching salaries**

Teaching funding within the current mainstream funding formula is largely driven by Age Weighted Pupil Unit values (AWPU Values) which are calculated using teaching ratios and a teaching salary driver per sector.

The pupil to teacher (PTR) ratios within the mainstream funding formula were agreed by the Budget Forum following the 2016 funding formula review. The formula review was conducted by headteachers representing all sectors and geographical clusters.

Teaching ratios are multiplied by an average teaching salary driver within the formula to calculate teaching funds allocated per school.

The 2016 formula review group agreed that the method for calculating the teaching salary driver would be to take the actual average salary in both sectors. However, there is only a finite level of teacher funding available. Therefore sums from this calculation are reduced pro-rata so that the formula is affordable within the total teaching funding available.

The resultant salary drivers are lower than the cost of UPS2 (£69,913) and are lower than the average cost per teacher in schools.

The PTRs and average salary drivers within the mainstream funding formula are identified in the following table.

**Table identifying current teaching ratios and salary drives in the schools' formula**

<b>Year group</b>	<b>PTR ratio</b>	<b>Teacher Salary Driver</b>
Primary (all)	30 plus 10% PPA	£68,319
Secondary Year 7-9	20	£69,548
Secondary Year 10-11	15	£69,548

### **Rationale for Formula Change**

Primary Barry cluster schools requested a review of the mainstream funding formula with regards to funds allocated for teachers.

The current teaching ratios were implemented in 2011 following a budget forum decision to tweak the formula in reaction to a dip in pupil numbers in the secondary sector. Prior to that decision, the secondary year 10-11 pupils were funded at a PTR ratio of 17, rather than the current 15; and year 7-9 pupils were funded at a PTR of 22.5.

The Vale of Glamorgan ratios appear more generous towards the secondary sector than in other local authorities.

The 2024/25 closing position for primary schools was an overall net deficit of £4.7M, the closing position for All through (3-19 schools) was a net deficit of £149k and the closing position for secondary schools was a closing net surplus of £241k.

### **Proposal**

After modelling a number of options, the review group have identified a preferred option which would involve a change to the teaching ratios in the primary sectors, which will move £1.073M out of secondary funding into primary funding.

The proposed changes are:

- The primary PTR ratio is reduced from 30 (with an additional allowance for PPA) to 27.
- The secondary year 10-11 ratio is increased from 15 to 17.
- The average salary calculations continue to be driven by averages of each sector and are apportioned on a pro-rata basis.

The following table identifies the impact of the proposed changes on the funding formula.

Please note: In order to ensure comparability, the following table does not incorporate the further cuts to teaching funding as a result of aligning the efficiency savings identified earlier in this document.

### Proposed changes to teacher funding within the mainstream formula from April 2026

	Current (no change)	Proposed (Primary PTR decrease to 27 which includes PPA, year 10-11 PTR increase to 17)
Primary PTR	30 plus 10% PPA	27 (no addl. PPA)
Year 7-9 PTR	20	20
Year 10-11 PTR	15	17
Primary Average Salary	£68,319	£70,022.40
Secondary Average Salary	£69,548	£71,282.04
Primary PTR funding	£29,560,451	£30,603,516
Primary small schools allowance, (no change to formula, but is linked to salary driver)	£1,058,945	£1,085,347
Primary Split site funding	£284,554	£287,961
<b>Total Primary pupil led funding</b>	<b>£30,903,950</b>	<b>£31,976,824</b>
Primary funding increase		+£1,072,875
<b>Secondary Pupil led funding</b>	<b>£32,699,390</b>	<b>£31,626,515</b>
Secondary age decrease		-£1,072,875
<b>Subtotal Teaching funds (</b>	<b>£63,603,340</b>	<b>£63,603,340</b>
<b>Head teacher Allocations</b>	<b>£6,930,185</b>	<b>£6,930,185</b>
<b>TOTAL Teaching funds</b>	<b>£70,533,524</b>	<b>£70,533,524</b>

### Financial impact of teaching funding options per sector

All-through (3-19) schools are funded by both primary and secondary AWPU funding. The impact on all three sectors is identified in the table below.

	Primary schools	Secondary Schools	3-19 Schools	TOTAL
Current	£35,358,736	£25,223,130	£9,951,659	£70,533,524
<b>Proposed</b>	<b>£36,407,902</b>	<b>£24,421,018</b>	<b>£9,704,605</b>	<b>£70,533,525</b>
Variance	+£1,049,166	-£802,112	-£247,053	£0

## **6. Headteacher Funding**

In the funding formula, each school receives a lump sum allocation for a Headteacher based on the midpoint of the schools ISR range plus on-costs. (The ISR ranges are provided by HR on an annual basis.)

The review group has not identified an alternative method for funding Headteachers within the formula. This can be added to a future formula review.

## **7. Small Schools' Allowance**

Smaller primary schools receive a small schools' allowance to provide schools with less than optimum class sizes budget security and flexibility.

The 2016 formula review group decided that the optimum school size is 210 pupils (plus nursery) and therefore any school below this size would be financially disadvantaged with regards to pupil led funding.

The 2016 formula review group agreed that any school below 140 pupils was further disadvantaged and implemented the following small schools' allowance in the funding formula

- Schools with 140 pupils (excluding nursery) or less - One teacher
- Schools less than 210 pupils (excluding nursery) – Half of a teacher

The 2025/26 small schools' allowance is based on the average teaching driver in the formula. Each school with less than 140 pupils (excl. nursery) receives a lump sum allowance of £68,319 and each school with more than 140 pupils (excl. nursery) but less than 210 receives a lump sum allowance of £34,159.50. The total funding allocated to the small schools' allowance is £1,058,945 with 25 schools receiving an allocation.

Whilst the small schools' allowance is not part of the current formula review, it should be recognised that a change to the average salary driver in the primary sector will automatically impact on the small schools' allowance.

## **8. Summary**

Proposed changes to the mainstream school funding formula from April 2026:

- Use of latest unverified Plasc to drive the funding formula
- Removal of negative budget lines for efficiency savings, which instead will offset each allocation on a pro rata basis
- Change to teaching ratios, reduce primary teaching ratios to 27 and increase the year 10 and 11 ratios to 17.