

Guidance - Summary policy document for schools national funding formula 2025 to 2026

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[Pre-16 schools funding: local authority guidance for 2025 to 2026 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/pre-16-schools-funding-local-authority-guidance-for-2025-to-2026)

Details

Summary policy document

In advance of the department confirming the schools national funding formula (NFF) factor values and NFF allocations for 2025 to 2026 we have published a summary policy note to help you with your planning.

This sets out the structure of the schools NFF for 2025 to 2026 (that is the factors that will be used in the NFF, and how they will operate). There will be no substantial changes to the NFF for 2025 to 2026.

1. Introduction

The purpose of this document is to confirm key elements of the schools national funding formula (NFF), prior to the publication of the delayed NFF allocations for 2025 to 2026. It is published to support local authorities, schools and academy trusts in planning, by providing the structure of the NFF for 2025 to 2026 (that is the factors that will be used in the NFF, and how they will operate). This is in advance of the department confirming the NFF factor values and NFF allocations for 2025 to 2026.

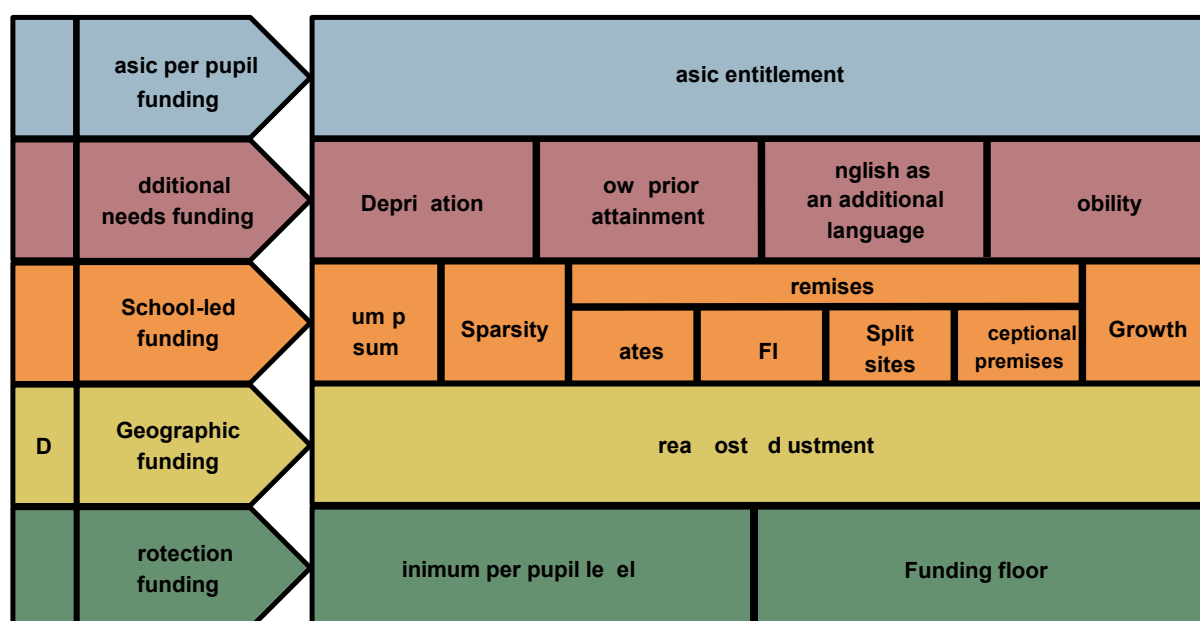
We aim to publish NFF allocations for schools and all supporting documents on the NFF (including the schools operational guide and NFF technical note), for 2025 to 2026 as soon as possible following the budget announcement on 30 October 2024. The dedicated schools grant (DSG) allocations will then be published in December 2024.

This policy document only covers mainstream school funding. Detail on the high needs NFF will be published alongside the NFF allocations as usual.

2. The structure of the schools NFF for 2025 to 2026

The 2025 to 2026 schools NFF will use the same factors as the 2024 to 2025 NFF. These are shown in the diagram below, and then explained in more detail:

Figure 1 - NFF Funding Factors



This diagram illustrates the factors that are taken into account when calculating schools block DSG funding allocations through the NFF. It is not to scale. Private finance initiative (PFI) and exceptional premises factors are allocated to local authorities based on historic spend; and rates based on actual costs.

The individual NFF factors for 2025 to 2026 will operate in the same way as in 2024 to 2025 except for some changes to the PFI factor.

2.1 The pupil-led factors that will be used in the NFF for 2025 to 2026 are:

- the basic entitlement factor – every pupil will attract this funding. There will continue to be different factor values for primary pupils, key stage 3 pupils, and key stage 4 pupils
- additional needs funding – the NFF in 2025 to 2026 will continue to provide funding for pupils with additional needs, as measured by:
 - free school meals (FSM) factor – pupils who are eligible for free school meals will attract this funding. This funding is broadly intended to cover the cost of providing free meals for each eligible pupil
 - free school meals ever 6 (FSM6) factor - all pupils who are recorded as eligible for free school meals, or who have been at any point in the last six years, attract funding through this factor. The value of this factor will vary depending on the phase (primary or secondary) of the pupil
 - IDACI – this funding is based on the 2019 area-based income deprivation affecting children index (IDACI) measuring the relative deprivation of lower-layer super output areas (LSOAs). For the NFF, the IDACI ranks are divided into 7 bands A to G, with A representing the most deprived areas and G the least deprived. Additional funding is targeted towards pupils in bands A to F,

with more funding directed to pupils in the more deprived bands. The value of this factor will also vary depending on the phase of the pupil

- low prior attainment – pupils will attract this funding if, at primary, they did not achieve the expected level of development in the early years foundation stage profile assessment, and at secondary, did not achieve the expected standard in key stage 2 in any of reading, writing or maths. The value of this factor will vary depending on the phase of the pupil
- English as an additional language - pupils will attract this funding if they entered state education in England during the last 3 years, and their first language is not English. The value of this factor will vary depending on the phase of the pupil
- mobility factor – this factor allocates funding to schools with a high proportion of pupils who have an entry date in the last 3 years which is not typical (in most cases, if their first recorded appearance on the school's roll was other than the October census). The value of this factor will vary depending on the phase of the pupil

2.2 The school-led factors that will be used in the NFF for 2025 to 2026 are:

- lump sum - every school attracts a lump sum through the NFF irrespective of its size or phase
- sparsity factor - eligibility for sparsity funding depends on the distance the pupils living closest to the school would have to travel to their next nearest appropriate (for example, same phase) school, and the average number of pupils per year group. The value of this factor will vary depending on the phase of the school. The distance thresholds, year group size thresholds, and operation of the distance and year group size tapers will remain as they were for 2024 to 2025
- premises – the NFF in 2025 to 2026 will continue to allocate funding to reflect the costs associated with a school's premises and overheads:
 - rates - for local accounting purposes, rates funding allocations will continue to notionally feature in the NFF allocation publication for all schools, including schools in billing authority areas where rates are paid directly by the Department for Education (DfE). Actual allocations to schools in those areas will not include funding for rates
 - private finance initiative (PFI) – the purpose of this factor is to fund the unavoidable additional costs to a school of being in a PFI contract. For 2025 to 2026 we are making some changes to the operation of this factor. This is covered in more detail at the end of this section
 - split sites – this factor targets extra funding to schools which operate across more than one site. As in 2024 to 2025, schools can attract funding for up to a maximum of 3 additional eligible split sites. There will continue to be basic eligibility funding – that is, a lump sum that schools attract for each site (up to the maximum of 3 additional eligible sites) – as well as distance funding (through which up to 3 additional sites which are more than 100 metres from the main site, attract additional funding)

- exceptional circumstances – this factor provides additional funding where local authorities have had approval from the Education and Skills Funding Agency (ESFA) to direct additional funding to a small number of schools with significant additional and atypical costs

2.3 The NFF in 2025 to 2026 will continue to provide funding protections:

- minimum per pupil levels (MPPLs) - the MPPLs guarantee a minimum amount of funding for every pupil - the funding received through the MPPL varies from school to school depending on the year groups they have. In 2025 to 2026, MPPL values will remain compulsory in local authority funding formulae
- the funding floor - the funding floor ensures that a school's funding is protected from excessive losses year-on-year, and that all schools attract a minimum uplift to their pupil-led per pupil funding. For 2025 to 2026, split sites funding will sit outside the calculation of the funding floor. This means that split sites funding will properly reflect any changes in the organisation of schools' sites

2.4 The only structural changes being made to the NFF for 2025 to 2026 are in relation to the PFI factor, and so will not affect all local authorities. The changes are:

- providing pro-rata funding when a PFI contract is coming to an end in the financial year (such that funding is only provided for the part of the year when the contract is still in place)
- setting conditions that local authorities would need to meet to receive above-inflation increases in PFI funding (with the expectation that these would be the exception). The default expectation will be that previous years' PFI funding through the NFF will be increased by the Retail Prices Index excluding mortgage interest payments (RPIX) measure of inflation. If local authorities want to request that the funding is increased by a higher amount, then they will need to submit an affordability model to DfE

3. Rolling in previous grants

The teachers' pay additional grant (TPAG) and the teachers' pension employer contribution grant (TPEG) 2024 will be rolled into the NFF for 2025 to 2026. The recently announced core schools budget grant (CSBG) will also be rolled into the schools NFF for 2025 to 2026.

For all 3 of the grants, the funding will be rolled in following a very similar approach to previous grants. That is:

1. Adding cash amounts to the primary, key stage 3 and key stage 4 per pupil funding factors in the schools NFF, to represent the equivalent amounts in the grants.
2. Adding cash amounts to the primary and secondary FSM6 factors, and the lump sum, in the schools NFF, to represent the equivalent amounts in the grants.
3. Adding cash amounts to the minimum per pupil funding levels (MPPLs) for primary, KS3 and KS4 respectively, to reflect the average per pupil amount of funding that schools attracted through the preceding grants.
4. Adding an amount representing the total funding each school received through the preceding grants on to its baseline, which is used to calculate funding protection for the schools through the funding floor.

For TPAG and TPECG, the funding rolled in to the NFF will use the published funding rates directly. For example, in step (1) above, the cash amount added to the primary basic per pupil NFF factor to roll-in TPAG will simply be the cash value of the primary basic per pupil rate in TPAG for 2024 to 2025 (that is, £62).

For CSBG, however, we will take a slightly different approach to rolling-in this funding to the NFF. This is because the total funding in the CSBG in 2024 to 2025 is calculated to match, at a national level, the funding needed to meet the full-year cost of the support staff pay award, as well as the part-year cost of the 2024 teachers' pay award (from September 2024). Therefore, to roll in this funding, we will calculate the full year equivalent of the whole of the CSBG, and then calculate new (higher) full-year equivalent funding rates from this new total. The cash values rolled into the NFF in 2025 to 2026 will then reflect these full-year equivalent funding rates.

4. Local authority formulae in 2025 to 2026

As in previous years, local authorities will be responsible for deciding local funding formulae for mainstream schools in their area. The funding levels that schools – both maintained schools and academies – receive will be determined by the respective local formulae.

As mentioned in the 2024 to 2025 schools operational guide and NFF policy note, from 2025 to 2026 the local authority flexibility to increase the pupil number count for schools with higher reception pupil numbers in the January 2024 census, rather than the October 2023 census, will be removed. Only 8 local authorities made use of this flexibility in 2024 to 2025.

We will also be tightening the allowable circumstances in the exceptional circumstances factor. The local authorities that this is likely to affect will have been advised last year to make alternative arrangements.

Minor technical adjustments will also be made to the operation of the minimum funding guarantee (MFG), whereby both split sites and PFI funding will be excluded from the MFG calculation. This brings the MFG treatment of these factors in line with the NFF and ensures that increases or decreases in a school's split site and /or PFI funding does not impact other aspects of their funding.

There are 16 allowable funding factors in 2025 to 2026, most of which are compulsory for all local authorities. The compulsory factors are unchanged from 2024 to 2025. The requirements on allowable values for these factors in local formulae will be confirmed alongside the NFF allocations publication.

Compulsory:

- basic entitlement
- FSM
- FSM6
- IDACI
- minimum level of per-pupil funding
- low prior attainment
- English as an additional language
- pupil mobility

- sparsity
- lump sum
- London fringe (for the eligible authorities)
- split sites
- MFG

Optional:

- rates
- PFI contracts
- exceptional circumstances (with ESFA agreement)