



Department
for Education

Mainstream schools and high needs funding for 2025 to 2026

Information for local authorities

November 2024

Overall 2025 to 2026 schools budget settlement

- the autumn budget allocated an overall increase of **£2.3 billion** to the core schools budget, bringing the total for 2025 to 2026 to almost **£63.9 billion**
- of this increase of £2.3 billion:
- **almost £1 billion** is for the high needs budget, which brings total high needs funding in 2025 to 2026 to **£11.9 billion**
- **£1.3 billion** will cover – • the remaining costs of the 2024 teachers' pay award and support staff pay offer in mainstream schools
- an increase to the mainstream schools national funding formula (NFF)
- increases to the pupil premium and other elements of core funding



Next steps: upcoming publications and guidance

The NFF products to be published shortly will include:

- **NFF policy document**
- **allocations tables:** a summary table; impact tables for each of the schools, high needs and central school services block (CSSB) NFFs
- **technical notes:** 3 NFF technical notes covering each of the schools, high needs and the CSSB NFF; and one technical note covering the area cost adjustment methodology
- **local authority guidance for mainstream schools:** the schools operational guide; allowable factor values; growth and falling rolls fund guidance; notional special educational needs (SEN) budget guidance; and a new private finance initiative (PFI) guidance
- **local authority guidance for high needs:** high needs operational guide; and a special free schools' adjustment guide

We will also share:

- the authority proforma tool (APT) in December 2024, alongside APT guidance and details for supplementary workshops being held in January 2025
- COLLECT tables with local authorities and schools in early December 2024

Mainstream schools national funding formula (NFF)

The schools NFF: no significant structural changes in 2025 to 2026

The structure of the schools NFF will remain largely unchanged in 2025 to 2026.

Key changes include:

1. Rolling in the 2024 to 2025 teachers pay additional grant (TPAG), the teachers pay employer contribution grant (TPECG) and the core schools budget grant (CSBG) into the NFF.
2. A further uplift to NFF factor values.
3. Changes to the PFI factor.
4. Technical changes to the split sites factor.

NOTE: in addition to the funding allocated through the NFFs, further funding in respect of the increase in **National Insurance contributions** will be provided in 2025 to 2026 by a grant outside of the NFF. We will provide further details on that as soon as possible.



The schools NFF: rolling in grants

TPAG and TPECG are being rolled in to the schools NFF in the same way as we rolled in the mainstream schools additional grant (MSAG) in 2024 to 2025. This means that we have:

- added an amount representing what schools received through the grants to their 2024 to 2025 baselines
- added the value of each grant's lump sum, basic per pupil rates and free school meals Ever 6 (FSM6) per pupil rates onto the respective factors in the NFF
- uplifted the NFF minimum per pupil level (MPPL) factor values by the average amount of funding schools funded through the MPPLs last year received through the grants

For the **CSBG**, the 2024 to 2025 allocations have been **recalculated on an annualised basis**, and then rolled into the NFF in the same way as TPAG and TPECG. Doing so provides a funding uplift which covers the remaining costs of the 2024 teachers' pay award in mainstream schools, so that the full 12 months of salary costs are fully funded at a national level.

The schools NFF: further factor value increases

On top of the factor value increases applied in respect of the grants:

- **a further overall increase has been applied** to the school and pupil-led factors
- as in previous years, **the PFI factor** has increased by the Retail Prices Index excluding mortgage interest payments (RPIX) measure of inflation (2.3%) to reflect cost increases built into the PFI contract itself. (But see also separate changes to the PFI factor)
- **the funding floor will be set at 0.0%**. This protects schools from sudden drops in pupil-led per pupil funding compared to the baseline

Provisional new factor values can be found in the summary policy note published on 6 November 2024:

[Summary policy note for schools and high needs national funding formula 2025 to 2026 - GOV.UK](#)

The schools NFF: changes to the PFI factor

In previous years, the NFF PFI factor has been set at the level of the local authority's 2024 to 2025 PFI premises factor (as given on the 2024 to 2025 APT); uplifted by the RPIX measure of inflation.

From 2025 to 2026:

- we 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) and
- in calculating a school's **PFI funding**, the lower of the local authority's 2024 to 2025 PFI premises factor (as given on the 2024 to 2025 APT) and the school's PFI funding from the 2024 to 2025 NFF will now be taken as the baseline for calculating the 2025 to 2026 PFI factor. As in previous years, this baseline will then be uplifted in line with RPIX growth
- **exceptions to this** are made for local authorities that have provided the Department for Education (DfE) with an affordability model which demonstrates that a different amount is required.

We plan to **publish more detailed guidance** alongside the NFF publications and an affordability model template for local authorities to use.

The schools NFF: technical changes to the split sites factor

The **split sites factor** was first formularised in the 2024 to 2025 NFF. This year, we are making 2 technical changes to this factor:

1. Removing the transitional floor protection. This was only needed in 2024 to 2025 to avoid schools losing out from the transition to formularisation.
2. Merging or amalgamating schools will not start attracting split sites funding until after they stop attracting 70% of an additional lump sum.

NOTE: funding for split sites through the NFF to local authorities will be based on the department's recorded list of eligible schools. Local authorities must notify the department of any changes in split site eligibility!

Deadline for a decisions in time for the APT: **16 December 2024.**

Mainstream schools local funding formulae

Local formulae: requirements to continue moving towards the NFF

We will continue to require local authorities to move their local formulae closer to the NFF:

- local authorities that are not already mirroring the NFF will be required to **move their factor values 10% closer to NFF factor values**

Local formulae: minimum funding guarantee and block transfers

The minimum funding guarantee (MFG):

- **the allowable range** for the MFG will be between **minus 0.5% and 0%** compared to the **baseline**
- **technical changes:** split sites and PFI funding will be excluded from the calculation of the MFG

Block transfers:

- block transfer limits will remain unchanged from last year, with:
- no disapplication required for transfers up to 0.5% of the DSG with schools forum approval; and
- disapplications required for transfers above 0.5% of the DSG (or any amount without schools forum approval).

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Central school services national

Central school services NFF: ongoing responsibilities

The CSSB formula for ongoing responsibilities will remain largely unchanged from 2024 to 2025:

- TPECG and CSBG (annualised) will be rolled into the CSSB. This will be added to each local authority's baseline, which is used to calculate the cap and the floor
- the total provisional budget for ongoing responsibilities will be **£342 million** in 2025 to 2026:
- **£338 million** of this will be allocated using the same simple formula as in previous years, with 90% of the funding distributed through a basic per-pupil factor, and 10% of the funding through a FSM6 deprivation factor – with ACA applied
- local authorities will have the same **funding floor** of **minus 2.5%** as in previous years
- the **gains cap** will be set at the maximum affordability rate of **2.98%**
- an additional **circa £4 million** will be allocated for increases in copyright licence costs. (This is on top of the additional copyright licence funding allocated in 2024 to 2025)

Central school services NFF: historic commitments

CSSB funding for **historic commitments** also be largely unchanged from previous years:

- there will continue to be a **20% cash reduction** to each local authority's 2024 to 2025 allocation
 - we will again apply **protections against these reductions** on the same grounds as in previous years (historic termination of employment and prudential borrowing costs)
- Given the late publication of the NFF this year, we will not process applications for protection in time for the December DSG publication. Instead, all applications received by **31 January 2025** will be processed in time for the March DSG update.
- Applications for protection should be sent to: FundingPolicy.QUERIES@education.gov.uk

High needs national funding formula (NFF)

The high needs NFF – no structural changes for 2025 to 2026

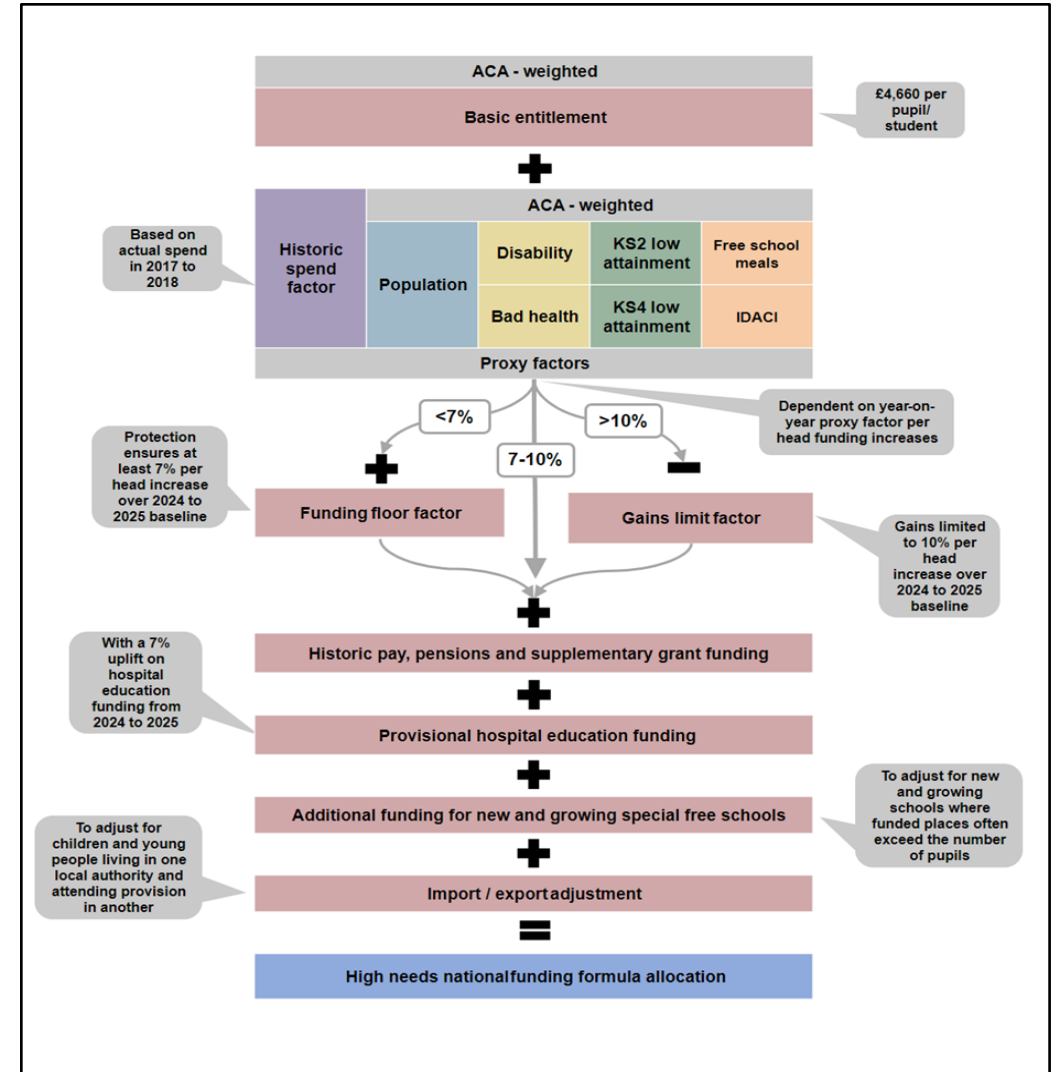
Of the £11.9 billion total high needs funding, we have set aside:

- £480 million for a new single CSBG for special schools and alternative provision (AP) (see next slides);
- £145 million for later NFF adjustments and allocations outside the NFF

That leaves £11.3 billion allocated through the NFF.

The key differences from 2024 to 2025 are the funding floor and gains limit percentages – at 7% and 10% per head of local authorities’ 2 to 18 projected population, respectively. All authorities will receive increases between these 2 percentages.

The historic spend factor remains at the same cash level as in the 2024 to 2025 NFF and will make up 25% of the total NFF allocations, down from 27% this year.



Local distribution of high needs funding

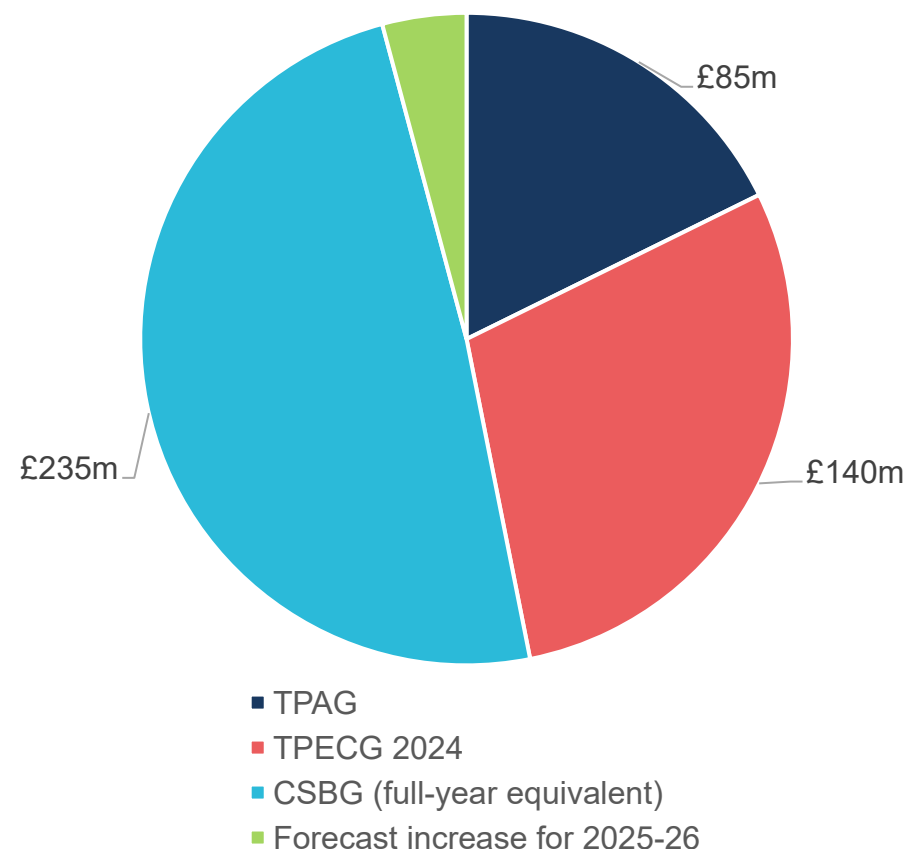
Special schools MFG and allocation of additional legacy funding streams

Special schools MFG

- the MFG for special schools in 2025 to 2026 will be 0%, which means that top-up funding rates must not be reduced such that overall place and top-up funding for an individual special school is less in 2025 to 2026 than in 2024 to 2025 – assuming a like-for-like comparison with their pupil cohort in 2024 to 2025
 - all additional funding streams and grant allocations must be excluded from the calculation, but we are considering how they could be included in 2026 to 2027 and will advise further on that in due course
 - the high needs funding operational guide for 2025 to 2026 will be published alongside the NFF publications, and will include example calculations as in the current edition **Additional legacy funding streams**
- we are slightly changing the way that additional high needs funding streams within the DSG are to be allocated, covering both the historic pay and pensions funding for special schools and AP first paid to local authorities as separate grants in 2019 to 2020, and the additional 3.4% increase for those schools allocated in 2023/24 and 2024/25
 - for 2025 to 2026, whatever of these additional funding streams is paid in 2024 to 2025 must be converted to a per place amount and allocated to the schools on the basis of 2025 to 2026 place numbers
 - we will be looking carefully at how best to simplify further the funding arrangements for 2026 to 2027
 - as with the MFG, further guidance can be found in the high needs funding operational guide for 2025 to 2026

Core schools budget grant for special schools and AP in 2025 to 2026

- the previous teachers' pay, pensions and core schools budget grant (CSBG) for budget grants for mainstream
- however, for the **high needs elements, it has not been possible** to incorporate the funding for the 2024 to 2025 TPAG, TPECG 2024 and CSBG into the NFF and place/top-up funding school-level allocations for 2025 to 2026
- so, we have decided to simplify the administration of these grants and, instead, combine them into a **single CSBG for special schools and AP** for 2025 to 2026
- we are setting aside £480 million out of the £11.9 billion for this combined CSBG in 2025 to 2026
- the rates used will combine the TPAG and TPECG 2024 rates with a full-year equivalent of the 2024 to 2025 CSBG rate.
- we intend to publish the methodology in December 2024 and make the first allocations and payments in May 2025



Other information

Other high needs funding issues

- local authorities will need to ensure that requests for payment of fees from high needs (top-up) funding from non-maintained special schools, independent schools, special post-16 institutions and other private sector educational providers clearly differentiate the VAT included from January 2025, so that authorities can claim VAT refunds in the normal way
- in addition, we are working across a range of other finance and funding considerations, with the aim of providing more clarity as soon as we can on:
- how local authorities, schools and colleges will be compensated for the increase in employers' National Insurance contributions from April 2025
- how local authorities' commissioning of provision and placements under the Children and Families Act 2014 will interact with the delayed implementation of the Procurement Act 2023 in 2025
- when recoupment of costs for looked after children placed by other authorities would be appropriate and what longer term changes may be introduced to avoid the disputes currently arising between authorities
- the future of the safety valve programme, statutory override which is due to end at the end of 2025 to 2026, and other measures to help local authorities manage their accumulated DSG deficits
- what funding changes are being considered for 2026 to 2027 and beyond to support wider SEND reforms ²⁴