

2025-26 SCHOOLS LOCAL FUNDING FORMULA UPDATE

Purpose of the Report

To inform the Early Years & Schools Forum (the Forum) of the Dedicated Schools Grant (DSG) funding allocation for 2025-26 and the final local funding formula submitted to the DfE and approved at the Cabinet Member Briefing on the 20 January 2025.

Information and Advice

2025-26 DSG Funding Allocation

The 2025-26 DSG funding allocation was published on 18 December 2024 and is detailed in the table below:

Table one – DSG Funding Allocations 2024/25 and 2025/26

Funding Block	October 23 Census	2024/25 Allocation	October 24 Census	2025/26 Allocation	Annual Change in Block
	Pupils	£m	Pupils	£m	%
Schools	114,185	655.6	113,710	705.7	7.6%
High Needs		119.9		130.7	9.0%
Early Years		90.3		128.3	42.1%
Central School Services		5.5		5.7	4.7%
		871.3		970.5	11.4%

The Dedicated Schools Grant 2025-26 funding allocation is £970.5m (2024-25 £871.3m) for the schools, high needs, early years and central schools services blocks.

The schools block has increased by £50.1 million from 2024/25, this is partly due to the Teachers' Pay Additional Grant, Teachers Pension Employer Contribution Grant and the Core Schools Budget Grant being incorporated into the block for 2025/26.

The High Needs Block funding allocation has increased by £10.8 million from 2024/25, reflective of the Central Government's commitment to increasing High Needs Funding by £1 billion nationally for 2025/26.

The Early Years Block indicative 2025/26 funding allocation has increased by £38 million. The final allocation will be confirmed in July 2026 (determined by January 2025 and January 2026 census data). This includes the full year effect of the 15 hours entitlement for eligible working parents of children from 9 months up to 2 years old plus the part year effect of the working parents' entitlements for 2 year old and under being extended to 30 hours from 1 September 2025.

2025-26 Schools Local Funding Formula

A report was considered by the Forum in November 2024 which outlined the delays to publication of the indicative 2025-26 Schools Block funding announcement and suggested possible consultation options based on scenario where fully mirroring the NFF would not be affordable. The formal consultation on the proposals was held from 20 November to 4 December 2024.

A total of 81 responses were received to the school consultation (79 responses in 2024) which was a response rate of 24%

The Forum met on 12 December 2024 to consider the consultation responses and decide on how the formula should be implemented for 2025-26. The Forum approved the Schools Block proposals as below:

- To continue with the principle to mirror the National Funding Formula (in keeping with the acceptable minimum and maximum values) for each factor.
- Local authorities have the freedom to set the Minimum Funding Guarantee in their local formulae between 0.0% and -0.5% per pupil. The Forum agreed with setting the Minimum Funding Guarantee at 0%.
- Agree that if the formula is not affordable the preferred and first option to make it affordable would be to reduce pupil factors and the lump sum.

On 14 November 2024 the Forum approved the submission of a disapplication request regarding the calculation of the NFF Minimum Per Pupil value for Minster School due it being disadvantaged by not having a standard number of year groups and a disproportionate number of primary and secondary pupils. The disapplication request was a repeat of requests approved by the Forum in previous years. The disapplication request was approved by the DfE.

On 16 January 2025 the Forum approved the submission of a further disapplication request to fund rental costs for curriculum premises for four primary schools under the 'exceptional premises factor'. This disapplication was also approved by the DfE. A request to fund the joint use agreement of one secondary school was rejected by the DfE due to not meeting it's criteria for funding.

On 18 December 2024 the Schools Block funding allocation was announced together with the October 2024 census data.

Table two – Nottinghamshire's Schools Block NFF Summary 2025/26

	October 2023 Pupil Number	Unit of Funding £	2024/25 Funding £ Millions	October 2024 Pupil Number	Unit of Funding £	2025/26 Funding £ Millions
Primary	66,311.50	5,071.45	336.3	65,704.50	5,482.15	360.2
Secondary	47,873.0	6,469.80	309.7	48,005.0	7,013.53	336.7
Premises - Based on previous years			6			6.8
Growth Funding			3.6			2
Total			655.6			705.7

The School Block allocation for 2025-26 is £705.7m. There was a funding gap of £1.7m between Nottinghamshire's DSG funding and attempting to distribute the funding using the National Funding Formula. Due to the formula not being affordable, the pupil factors and lump sum were adjusted (in keeping with the acceptable minimum and maximum values) for each factor. The Local Funding Formula continues to meet the criteria the principle to mirror the National Funding Formula. The NFF and LFF factor values for 2025/26 are shown at **appendix A**

The final distribution of the Schools Block funding is as follows:

Table 3 Schools Block Distribution 2025/26

	2025/26 £m
Distributed to Schools via LFF	704.8
Retained Growth Funding	0.9

Growth Funding

The government introduced a new formula to allocate funding for growth in pupil numbers to local authorities in 2019-20. Allocations received via this formula are recalculated each year and therefore not guaranteed to continue at the same level.

Funding for growth is based on the year-on-year increases in pupil numbers as measured at Middle Super Output Area (MSOA) level: net reductions at MSOA level are ignored.

The growth fund can only be used to:

- support growth in pre-16 pupil numbers to meet basic need
- support additional classes needed to meet the infant class size regulation
- meet the revenue costs of new schools.
- meet the revenue costs, for schools, of removing or repurposing surplus places
- manage temporary falling rolls in schools.

The allocation for Nottinghamshire for 2025-26 is £2.0m (2024-25 £3.6m)

Nottinghamshire has allocated £1.1 of the growth allocation to fund growth in new and growing primary schools and secondary schools that a currently permanently increasing PAN due to Basic Need.

Table 4 Pupil Number variations through APT 2025/26

School	Reason
Rivendell Flying High Academy	New/ Growing Free School
Millside Spencer Academy	New/ Growing Free School
Bingham Primary School	New/ Growing Free School
Whipman Woods Flying High Academy	New/ Growing Free School
Thorseby Vale Free School	New/ Growing Free School
Carlton le Willows Academy	Permanent PAN Increase

The retention of growth funding is subject to Schools Forum approval, and this will be sought for the remaining £0.9m.

A paper will be presented to Forum in June 2025, detailing how the retained growth funding is being used for 2025/26.

Schools Funding Formula Approvals

The Nottinghamshire 2025-26 formula and school budgets were submitted to the ESFA on 20 January 2025 and Nottinghamshire received confirmation of DfE approval on 13 February 2025.

The report on the 2025-26 Schools Local Funding Formula was approved at the Cabinet Member Briefing on the 20 January 2025.

RECOMMENDATION/S

That the Forum

- 1) Notes the content of the report.
- 2) Approves the amount of growth funding centrally retained for 2025-26, £0.923m.

For any enquiries about this report please contact:

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APPENDIX A

	Nottinghamshire Local Funding Formula			National Funding Formula		
	2025-26			2025-26		
	Primary	Secondary	Secondary KS3 Only	Primary	Secondary	Secondary KS3 Only
	Unit Value £	Unit Value £	Unit Value £	Unit Value £	Unit Value £	Unit Value £
Minimum Per Pupil	4,955	6,465	6,221	4,955	6,465	6,221
Basic Entitlement - per pupil						
Primary	3,845.02			3,858.08		
KS3		5,419.21			5,437.62	
KS4		6,109.86			6,130.61	
Deprivation - per eligible pupil						
FSM Current	494.75	494.75		496.43	496.43	
FSM6	1,059.46	1,554.20		1,063.05	1,559.48	
IDACI Band A	684.65	949.51		686.97	952.74	
IDACI Band B	519.73	744.62		521.50	747.15	
IDACI Band C	489.75	694.64		491.41	697.00	
IDACI Band D	444.77	634.67		446.28	636.83	
IDACI Band E	284.85	449.77		285.82	451.30	
IDACI Band F	234.88	339.83		235.68	340.98	
Low Prior Attainment - per eligible pupil	1,174.40	1,784.08		1,178.38	1,790.14	
English as an Additional Language - per eligible pupil	594.69	1,594.18		596.71	1,599.59	
Lump Sum - per school	145,025.46	145,025.46		145,517.89	145,517.89	
Sparsity - per eligible school	57,565.31	83,640.19		57,565.31	83,640.19	
Pupil Mobility - per eligible pupil	964.50	1,384.29		967.78	1,388.99	
Split Sites		School specific unit values				
Rental		School specific unit values				
Rates		School specific unit values				
Minimum Funding Guarantee	0.00%			Between -0.5% and 0.0%		
Gains Cap	0.00%					

Note: The National Funding Formula unit values have been increased to reflect the Area Cost Adjustment for Nottinghamshire.