



Schools Budget Setting - National Funding Formula Update 2025/26

28th November 2024



Agenda

- Budget Planning OCC Update – Headlines
- Budget Planning DfE Update – Headlines
- Authority Proforma Tool & Consultations – Collapsed Timeframe
- Budget Setting Timetable & Collapsed timeframe
- OCC Children’s Finance Business Partner Team Update



Budget Planning 2025/26 – Schools - Part 1

In previous years, DfE has announced provisional DSG allocations for each Local Authority, along with guidance for the upcoming financial year by the end of July.

This generally includes confirmed Dedicated School Grant per pupil funding rates to be paid to each individual LA and details of how funding rates and any other elements of the Funding Framework have changed.



Budget Planning 2025/26 – Schools - Part 2

Whilst budget setting data at individual school level is not usually confirmed until the end of December, such as confirmed pupil numbers, those eligible to a free school meal etc. the general release of funding rates is an important first stage in budget planning for Local Authorities and schools.

Early planning is essential to ensure appropriate engagement with Schools, the Schools Forum and overall council governance arrangements which all need to be completed before the statutory return of individual school budgets to DfE which is required on the 22nd January 2025.



Budget Planning 2025/26 – Schools - Part 3

The absence of the normal level of detail regarding national funding information adds uncertainty to the budget setting process and will result in less time to process the data, consider options with the Schools via Consultation and for Schools Forum to make decisions.

However, it remains important in terms of financial planning for both for the council and schools to make budget decisions as soon as possible.

Schools Budget Settlement - as announced by government in the Budget 30th October

- 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



DfE Update – Schools NFF no significant structural changes 2025-26

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.





DfE Update – 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.

NOTE: this means that an annual funding uplift has been incorporated into the baseline, which is used to calculate the NFF floor protection.

DfE Update – 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

NOTE: as an uplift has already been incorporated into the baseline, a 0.0% floor still represents an uplift compared to what schools attracted in 2024 to 2025.

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

– [link to summary note](#)



Authority Proforma Tool & Consultation

- This is the piece of work the authority completes following the DSG Allocations announcements in December, calculating the schools budgets.
- This is still expected to be received in December in spite of the delayed Operational Guidance ‘ Summary Policy Document for Schools NFF 2025 to 2026’
- Submission date remains similar to prior years (22nd Jan 2025) which shortens the timeframe for the LA to process.
- Local Authority Consultation with Schools – Where required these **are likely to be with shorter timeframes than prior years** due to the constrained timeframes overall.



Budget Setting Timetable – prior years (1/3)

The next three slides set out, for information, the annual timetable for Schools Budget Setting, involving the Local Authority, Schools and Schools Forum.

Term 1 (Autumn)

- July - DfE Publish Guidance on National Funding Formula for following Financial year - **not received yet for 25/26**
- National Funding Formula update for 2025/26
- Fees and Charges review by OCC Service Managers for 25/26 Financial Year

Term 2

- Authority Proforma Tool & October Census data published in December to be used to create School Budgets
- Schools Block Mainstream Budget 2025/26 – once guidance issued expected c. 19th Dec
- Disapplication requests – return date 18th November 2024, guidance not yet published.
- De-Delegation requests – once guidance issued



Budget Setting Timetable – prior years (2/3)

Term 3 (Spring)

- Early Years Block National Funding Formula Modelling 2025/26 for Consultation (TBC – subject to availability of funding allocations and operational guidance)
- Approximately 20th January: LA submit the Authority Proforma Tool (APT) return to DfE
- schools forum consultation and political approval from local authorities required by c. 20th January in line with APT submission deadline for final funding formulae
- DfE Validate and confirm APT & School Budgets
- Draft budget issued to schools by OCC
- Fees and Charges paper to Schools Forum - tbc

Term 4

- February: Council determines budget (including additional funding) (OCC)
- LA informs -
 - mainstream schools of their budgets by 28th February
 - Special Schools of their budgets by 31st March



Budget Setting Timetable – prior years (3/3)

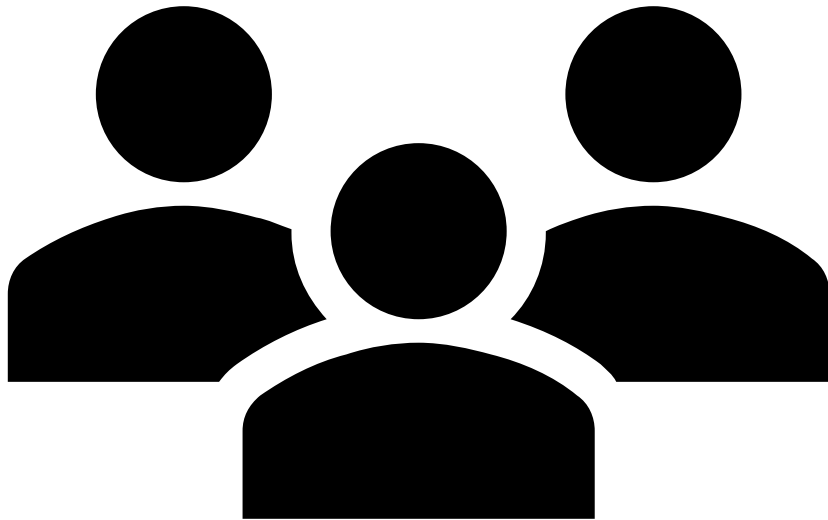
Term 5 (Summer)

- 2nd May 2025 - Maintained schools return budgets (schools)
- 9th May 2025 - Special schools return budgets (schools)

Term 6

- July: DfE issue notification of DSG levels for following year (DfE)

New Finance Team



There has been a lot of change in the Finance team over the last year or two.

We now have the below new permanent team and look forward to working with Schools going forward.

- Jane Billington – Strategic Finance Business Partner – Children’s Service
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- Emma Wren – Finance Business Partner – Education
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- Tawanda Dzingai – Management Accountant
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