

NORTH LINCOLNSHIRE COUNCIL

SCHOOLS FORUM

SCHOOL FUNDING FORMULA 2025/26

1 OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 To set out the final proposals for the North Lincolnshire schools funding formula and explain the factors applied to achieve affordability.
- 1.2 Local authorities are required to inform Education & Skills Funding Agency (ESFA) by 22 January 2025 of their school funding formula details.

2 BACKGROUND INFORMATION

- 2.1 On 18 December 2024 the ESFA published the 2025/26 Dedicated Schools Grant (DSG) allocations, based on October 2024 school census data. The allocation for North Lincolnshire is £198.286m (£180.511m in 2024/25) after deductions for national non-domestic rates (NNDR) and the direct funding of high needs places by ESFA.
- 2.2 The element of DSG available for the Individual Schools Budget (ISB), for all mainstream schools is £147.933m before deductions for the funding of NNDR directly by the ESFA.

	2025/26	2024/25
Schools Block (£m)	147.933	138.308
Deduction for NNDR (£m)	2.123	2.037
Schools Block after deduction for NNDR (£m)	145.810	136.271
Growth Funding	0.507	0.637

- 2.3 Key features of the 2025/26 NFF include:

- The basic entitlement values, FSM6 values, the lump sum and the minimum per pupil funding values have increased to reflect the rolling in of the three separate pay and pensions grants from 2024/25: Teachers' Pay Additional grant (TPAG), Teachers' Pension Employer Contribution grant (TPECG) and Core Schools Budget grant (CSBG)

- A further increase has then been applied to these same factors to cover 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
 - On top of this, a further overall increase has been applied to school- and pupil-led factors, as well as to the split sites factor
 - Through the minimum per pupil funding levels, every primary school will attract at least £4,955 per pupil, and every secondary school at least £6,465 per pupil
 - The funding floor will be "cash flat" at 0% so that schools will be protected from per pupil cash reductions in their pupil-led funding
 - The only structural changes being made to the NFF in 2025/26 are in relation to the PFI factor
- 2.4 Nationally, the provisional NFF indicated an increase of 2.23% per pupil on average in 2025/26, compared to 2024/25. The actual increase is 2.69% for North Lincolnshire and is inclusive of a 1.28% increase to ensure that the 2024 teachers and support staff pay awards continue to be fully funded at national level in 2025/26. This means that after grants are rolled in including the uplift for the CSBG to cover full year teachers' pay costs, the increase to funding is 1.41%. This is higher than the national net increase per pupil of 0.95% though still below inflation. Funding factor values are shown in appendix 1.
- 2.5 The schools operational guide 2025/26 sets out how individual school budget (ISB) shares can be calculated.
- 2.6 North Lincolnshire now mirrors the NFF. There is still some flexibility regarding the use of the sparsity distance taper, MFG level and capping and scaling to achieve affordability.
- 2.7 Mainstream schools and academies were consulted on the MFG, capping and scaling, exceptional factor and de-delegation. The results have informed the funding formula.

3 OPTIONS FOR CONSIDERATION

- 3.1 MFG: Local authorities can set the Minimum Funding Guarantee (MFG) between -0.5% and 0%
- 3.2 Sparsity Factor: The sparsity factor has been incorporated into the formula using the NFF value and distance taper.
- 3.3 Educational Functions: In 2024/25, the rate per pupil was increased to £8.44 to ensure schools contribute 50% towards the local authority's provision of statutory duties for Educational Functions that it carries out. Appendix 2 gives further details of the duties covered by this funding.
- 3.4 Growth and Falling Rolls Funding:
- 3.4.1 Local authorities must follow local formula requirements for growth funding whereby additional classes (driven by basic need) must be

funded by at least the minimum funding level set out in calculation in the growth and falling rolls fund guidance.

3.4.2 Local authorities with a falling rolls fund must also continue to follow the requirements for falling rolls funding introduced in 2024-25.

3.4.3 £507k funding is included in the school's block. In 2024/25, growth funding was set at £200k and falling rolls funding at £100k and was fully funded by DSG reserves.

3.5 Capping & Scaling: This allows the gains for individual schools to be capped as well as scaled back to ensure the local formulae is affordable. In 2024/25 capping was set at 0.5% and scaling at 8.25% to make the funding formula affordable. Capping and scaling cannot take a school below the minimum per pupil level (MPPL) and a gains cap must be set at least as high as the MFG threshold. This ensures all schools retain any gains at least up to the MFG threshold even when a cap is applied.

3.6 Exceptional Factor: In November 2024, the DfE confirmed that utility costs for any type of building have been removed from the disapplication criteria and listed buildings has been removed as an accepted exceptional factor. Confirmation was sought from the DfE regarding the use of the exceptional factor. The DfE confirmed that energy costs can no longer be included which formed the main basis of the local authority's use of the exceptional factor.

3.7 The total cost of the funding formula when setting the MFG at -0.5%, not applying the distance taper, and funding growth through earmarked reserves would be £148.015m which is not affordable.

4 ANALYSIS OF OPTIONS

4.1 MFG: All mainstream schools and academies that responded to the November consultation supported the application of the MFG at the maximum level which was endorsed by Schools Forum on 21 November 2024. The proposed funding formula provides the maximum MFG of 0% which ensures that funding protection is kept at the previous year level. Fifteen schools will receive MFG protection costing £196.6k.

4.2 Sparsity Factor: Two additional schools would benefit from applying the sparsity distance taper which would cost £16.6k more than not using the distance taper.

4.3 Educational Functions: To maintain a 50% contribution from schools for Educational Functions, it is proposed that the rate per pupil increase from £8.44 to £8.73, an increase of 3.4%. This will ensure sufficient funding is available for the local authority to provide statutory duties for Educational Functions that it carries out for maintained schools.

4.4 Growth and Falling Rolls Funding: In 2024/25 the growth and falling rolls fund was fully funded by DSG reserves at a cost of £300k. As £507k growth funding is provided in the DSG for 2025/26 it is suggested that the growth and falling rolls fund be increased to £500k. Continued use of DSG reserves to fund this is unsustainable therefore it is suggested that the schools block funds £300k

(0.21% of the schools budget less NNDR) and DSG reserves fund £200k therefore if less funding is required, reserves are preserved.

4.5 Capping and Scaling: All mainstream schools and academies that responded to the November consultation supported the use of capping and scaling to make the use of the maximum MFG affordable which was endorsed by Schools Forum on 21 November 2024. Setting the MFG at 0%, using the distance taper and funding £300k growth and falling rolls via the schools block means that capping and/or scaling would be required to make the funding formula affordable (appendix 3).

4.5.1 Without any Capping and Scaling, the funding required would be £148.376m (inc £300k growth funding) resulting in a shortfall of £0.442m.

4.5.2 Schools receiving MFG protection through setting the MFG at 0% are exempt from capping and scaling as there are no gains to cap or scale. Schools who receive MPPL funding to meet the minimum funding level are also exempt.

4.5.3 Capping must be set to at least the MFG level (0%). Applying a cap higher than the MFG level provides more vulnerable schools with some protection as they can keep gains up to the cap. A cap on gains of 0.5% and scaled back by 53.25% ensures the funding formula balances within less than £100.

5 FINANCIAL AND OTHER RESOURCE IMPLICATIONS

5.1 The proposed funding formula for 2025/26 will cost £147.934m inclusive of £300k growth funding.

6 RECOMMENDATIONS

6.1 To agree the increase of growth and falling rolls fund to £500k funded as follows:

- (a) £300k from the schools block
- (b) £200k from DSG reserves

6.2 To endorse the distribution of the individual school budgets using the proposed funding formula:

- (a) MFG set at maximum of 0% as previously agreed
- (b) Sparsity factor using the distance taper
- (c) Application of a cap on gains of 0.5% scaled back by 53.25%

6.3 Maintained school representatives of the forum approve the contribution of £8.73 per pupil toward the cost of Education Functions that the LA provides on behalf of maintained schools.

STRATEGIC LEAD FINANCE

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Background Papers used in the preparation of this report –

[Schools operational guide: 2025 to 2026 - GOV.UK](#)

[The national funding formulae for schools and high needs - 2025 - 2026](#)

[Growth and falling rolls fund guidance: 2025 to 2026 - GOV.UK](#)

Appendix 1 2025/26 funding factor values

Basic per pupil funding	2024-25 NFF		Additions to baseline from grants	CSBG uplift	2025-26 NFF	
	Primary	Secondary			Primary	Secondary
Basic entitlement						
Primary basic entitlement	£3,562		£213	£51	£3,847	
KS3 basic entitlement		£5,022	£300	£71		£5,422
KS4 basic entitlement		£5,661	£339	£80		£6,113
Deprivation						
FSM	£490	£490			£495	£495
Primary FSM6	£820		£188	£45	£1,060	
Secondary FSM6		£1,200	£277	£68		£1,555
IDACI Band A	£680	£945	£0	£0	£685	£950
IDACI Band B	£515	£740	£0	£0	£520	£745
IDACI Band C	£485	£690	£0	£0	£490	£695
IDACI Band D	£445	£630	£0	£0	£445	£635
IDACI Band E	£285	£450	£0	£0	£285	£450
IDACI Band F	£235	£340	£0	£0	£235	£340
Low prior attainment	£1,170	£1,775	£0	£0	£1,175	£1,785
English as an additional language	£590	£1,585	£0	£0	£595	£1,595
Mobility	£960	£1,380	£0	£0	£965	£1,385
School-led funding						
Lump Sum	£134,400	£134,400	£8,006	£1,915	£145,100	£145,100
Sparsity	£57,100	£83,000	£0	£0	£57,400	£83,400
MPPL primary	£4,610		£257	£62	£4,995	
MPPL secondary		£5,995	£350	£83		£6,465

Appendix 2 Educational Functions

Ongoing functions and responsibilities the local authority holds for maintained schools	
General Duties grant ends 2017/18. Contribution proposed from DSG Maintained Schools	£ Amount
Statutory and Regulatory duties:	
<p><i>Functions of LA related to best value and provision of advice to governing bodies in procuring goods and services</i></p> <p><i>Budgeting and accounting functions relating to maintained schools</i></p> <p><i>Functions relating to the financing of maintained schools</i></p> <p><i>Authorisation and monitoring of expenditure in respect of schools which do not have delegated budgets, and related financial administration</i></p> <p><i>Monitoring of compliance with requirements in relation to the scheme for financing schools and the provision of community facilities by governing bodies</i></p> <p><i>Internal audit and other tasks related to the authority's chief finance officer's responsibilities under Section 151 of LGA 1972 for maintained schools</i></p> <p><i>Functions made under Section 44 of the 2002 Act (Consistent Financial Reporting)</i></p> <p><i>Investigations of employees or potential employees, with or without remuneration to work at or for schools under the direct management of the headteacher or governing body</i></p> <p><i>Functions related to local government pensions and administration of teachers' pensions in relation to staff working at maintained schools under the direct management of the headteacher or governing body</i></p> <p><i>Retrospective membership of pension schemes where it would not be appropriate to expect a school to meet the cost</i></p> <p><i>HR duties, including: advice to schools on the management of staff, pay alterations, conditions of service and composition/organisation of staff; determination of conditions of service for non-teaching staff; appointment or dismissal of employee functions</i></p> <p><i>Consultation costs relating to staffing</i></p> <p><i>Compliance with duties under Health and Safety at Work Act</i></p> <p><i>Investigation and resolution of complaints relating to maintained schools</i></p> <p><i>Provision of information to or at the request of the Crown relating to schools</i></p> <p><i>School companies</i></p> <p><i>Functions under the Equality Act 2010</i></p> <p><i>Establish and maintaining computer systems, including data storage</i></p> <p><i>Appointment of governors and payment of governor expenses</i></p>	25,000
25,000	
Education Welfare:	
<i>Inspection of attendance registers</i>	0
0	
Asset management:	
<p><i>General landlord duties for all maintained schools (Sch 1, 10a (section 542(2) Education Act 1996; School Premises Regulations 2012) to ensure that school buildings have:</i></p> <ul style="list-style-type: none"> <i>• appropriate facilities for pupils and staff (including medical and accommodation)</i> <i>• the ability to sustain appropriate loads</i> <i>• reasonable weather resistance</i> <i>• safe escape routes</i> <i>• appropriate acoustic levels</i> <i>• lighting, heating and ventilation which meets the required standards</i> <i>• adequate water supplies and drainage</i> <i>• playing fields of the appropriate standards</i> 	82,000
<p><i>General health and safety duty as an employer for employees and others who may be affected (Health and Safety at Work etc Act 1974).</i></p> <p><i>Management of the risk from asbestos in community school buildings (Control of Asbestos Regulations 2012).</i></p>	2,000

84,000	
Central support services:	
<i>Clothing grants</i>	18,000
<i>Provision of tuition in music, or on other music-related activities</i>	
<i>Visual, creative and performing arts)</i>	
<i>Outdoor education centres (but not centres mainly for the provision of organised games, swimming or athletics)</i>	14,000
32,000	
Premature retirement and redundancy:	
<i>Dismissal or premature retirement when costs cannot be charged to maintained schools</i>	0
0	
Monitoring national curriculum assessment:	
<i>Monitoring of National Curriculum assessments</i>	59,000
59,000	

Appendix 3 National Funding Formula

Local Authority Funding Reform Proforma

LA Name:	North Lincolnshire
LA Number:	813

Primary minimum per pupil funding level	Secondary (KS3 only) minimum per pupil funding level	Secondary (KS4 only) minimum per pupil funding level	Secondary minimum per pupil funding level	Disapplication number where alternative MPPL values are used
£4,955.00	£6,221.00	£6,831.00	£6,465.00	

Pupil Led Factors		Reception uplift	No	Pupil Units		0.00						
1) Basic Entitlement Age Weighted Pupil Unit (AWPU)		Description	Amount per pupil		Pupil Units		Sub Total	Total	Proportion of total pre MFG funding (%)		Notional SEN (%)	
		Primary (Years R-6)	£3,847.00		12,526.00		£48,187,522	£106,441,385	32.59%		5.00%	
		Key Stage 3 (Years 7-9)	£5,422.00		6,197.00		£33,600,134		22.72%		5.00%	
		Key Stage 4 (Years 10-11)	£6,113.00		4,033.00		£24,653,729		16.67%		5.00%	
		Description	Primary amount per pupil	Secondary amount per pupil	Eligible proportion of primary NOR	Eligible proportion of secondary NOR	Sub Total	Total	Proportion of total pre MFG funding (%)		Primary Notional SEN (%)	Secondary Notional SEN (%)
2) Deprivation		FSM	£495.00	£495.00	3,733.00	3,165.00	£3,414,510	£17,258,994	11.67%		25.00%	25.00%
		FSM6	£1,060.00	£1,555.00	3,753.00	3,262.00	£9,050,590				25.00%	25.00%
		IDACI Band F	£235.00	£340.00	1,136.27	928.78	£582,809				25.00%	25.00%
		IDACI Band E	£285.00	£450.00	1,038.31	814.41	£662,403				25.00%	25.00%
		IDACI Band D	£445.00	£635.00	903.56	646.28	£812,471				25.00%	25.00%
		IDACI Band C	£490.00	£695.00	1,322.37	1,028.31	£1,362,635				25.00%	25.00%
		IDACI Band B	£520.00	£745.00	731.21	644.29	£860,230				25.00%	25.00%
		IDACI Band A	£685.00	£950.00	367.88	275.10	£513,347				25.00%	25.00%
3) English as an Additional Language (EAL)		EAL 3 Primary	£595.00		1,115.32		£663,615	£1,148,933	0.67%			
		EAL 3 Secondary		£1,595.00		209.13	£333,562					
4) Mobility		Pupils starting school outside of normal entry dates	£965.00	£1,385.00	113.46	30.52	£151,756		0.10%			
		Description	Weighting	Amount per pupil (primary or secondary respectively)	Percentage of eligible pupils	Eligible proportion of primary and secondary NOR respectively	Sub Total	Total	Proportion of total pre MFG funding (%)		Primary Notional SEN (%)	Secondary Notional SEN (%)
5) Low prior attainment		Primary low prior attainment		£1,175.00	31.32%	3,922.92	£4,609,431	£8,785,642	5.94%		100.00%	
		Secondary low prior attainment (year 7)	57.71%		23.72%							
		Secondary low prior attainment (year 8)	55.77%		21.89%							
		Secondary low prior attainment (year 9)	54.47%	£1,785.00	23.02%	2,339.61	£4,176,211					
		Secondary low prior attainment (year 10)	54.47%		23.02%							
		Secondary low prior attainment (year 11)	64.53%		22.70%							

Other Factors

Factor	Lump Sum per Primary School (£)	Lump Sum per Secondary School (£)	Lump Sum per Middle School (£)	Lump Sum per All-through School (£)	Total (£)	Proportion of total pre MFG funding (%)		Notional SEN (%)
6) Lump Sum	£145,100.00	£145,100.00			£11,027,600	7.46%		
7) Sparsity factor	£57,400.00	£83,400.00			£953,827	0.65%		

Rows 45 to 48 are populated with the NFF methodology, please leave this as is if you wish to follow the NFF. As per the Operational Guidance, the distance thresholds can be increased or the year group size thresholds decreased and the distance threshold taper is optional. An alternative method of allocation to the NFF's average year group size taper can be chosen: the continuous taper (Tapered) or fixed sum (Fixed). Examples of each are provided in the Operational Guidance.

Primary distance threshold (miles)	2.00	Primary pupil number average year group threshold	21.40	Apply primary distance taper	Yes	NFF, tapered or fixed sparsity primary lump sum?	NFF	
Secondary distance threshold (miles)	3.00	Secondary pupil number average year group threshold	120.00	Apply secondary distance taper	Yes	NFF, tapered or fixed sparsity secondary lump sum?	NFF	
Middle schools distance threshold (miles)	2.00	Middle school pupil number average year group threshold	69.20	Apply middle school distance taper	Yes	NFF, tapered or fixed sparsity middle school lump sum?	NFF	
All-through schools distance threshold (miles)	2.00	All-through pupil number average year group threshold	62.50	Apply all-through distance taper	Yes	NFF, tapered or fixed sparsity all-through lump sum?	NFF	
8) Fringe Payments				Fringe multiplier	1,000%	£0	0.00%	
9) Split Sites			Basic eligibility funding	£53,700.00	Distance funding rate	£26,900.00	£0	0.00%
10) Rates						£2,123,667	1.44%	
11) PFI funding						£0	0.00%	

12) Exceptional circumstances (can only be used with prior agreement of ESFA)

Circumstance	Total (£)	Proportion of total pre MFG funding (%)	Notional SEN (%)	
Additional lump sum for schools amalgamated during FY24-25	£0	0.00%	0.00%	0.00%
Additional sparsity lump sum for small schools	£0	0.00%		
Exceptional Circumstance3	£0	0.00%		
Exceptional Circumstance4	£0	0.00%		
Exceptional Circumstance5	£0	0.00%		
Exceptional Circumstance6	£0	0.00%		
Exceptional Circumstance7	£0	0.00%		

Total Funding for Schools Block Formula (excluding minimum per pupil funding level and MFG Funding Total)	£147,740,048	99.91%	
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13) Additional funding to meet minimum per pupil funding level	£139,502	0.09%	
Total Funding for Schools Block Formula (excluding MFG Funding Total)	£147,879,550	100.00%	

14) Minimum Funding Guarantee	0.00%	£196,644	
Where a value less than -0.5% or greater than 0% has been entered please provide the disapplication reference number authorising the value			
Apply capping and scaling factors? (gains may be capped above a specific ceiling and/or scaled)			
Yes			
Capping Factor (%)	0.50%	Scaling Factor (%)	53.25%
Total deduction if capping and scaling factors are applied			
		-£442,359	
		Total (£)	Proportion of Total funding(%)
MFG Net Total Funding (MFG + deduction from capping and scaling)		-£245,715	-0.17%
Total Funding for Schools Block Formula		£147,633,835	£18,422,459
Notional SEN	Top-up - proportion of NOR	2.12%	SEN support plus EHCP minus Top-up - proportion of NOR
			14.76%
Notional SEN funding per eligible pupil		£4,623	

High Needs threshold (only fill in if, exceptionally, a high needs threshold different from £6,000 has been approved)		
Additional funding from the high needs budget	£0.00	
Growth fund (if applicable)	£300,000.00	
Falling rolls fund (if applicable)	£200,000.00	

Other Adjustment to 24-25 Budget Shares	£0	
Total Funding For Schools Block Formula (including growth and falling rolls funding)	£148,133,835	
% Distributed through Basic Entitlement	71.98%	
% Pupil Led Funding	90.37%	
Primary: Secondary Ratio	1 :	1.26

25-26 NFF NNDR allocation, excluding prior year adjustments	£2,123,667	
Total Funding For Schools Block Formula (including growth and falling rolls funding) after deduction of 25-26 NFF NNDR allocation	£146,010,168	

