



Department
for Education

High needs national funding formula 2025 to 2026: technical note

November 2024

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Chapter 1: Introduction and Overview

Introduction

- 1.1. This note provides an overview of the high needs national funding formula (NFF). It gives detailed information on how the 2025-26 provisional allocations to local authorities (LAs) have been calculated, and how later updates will be made prior to finalising the allocations.
- 1.2. There are multiple elements and factors that combine to produce the formula. This note details the data, weightings and any adjustments used for each factor. Full details of the calculations for each LA have been published within the Impact of the high needs NFF tables¹.
- 1.3. This chapter provides a general overview of the high needs NFF and allocations; Chapter 2 summarises the overall high needs quantum and its breakdown, and Chapter 3 describes each formula factor and describes how the total provisional allocations are determined. Finally, Annex A gives additional details on the income deprivation affecting children index (IDACI) factor, Annex B lists the data sources that have been used and Annex C contains a glossary of all acronyms used. Details on the calculation of the area cost adjustment (ACA) may be found in the separate ACA technical note¹.

Overview of the high needs NFF

- 1.4. This chapter provides an overview of the high needs NFF calculation, with the following chapters providing more detail.
- 1.5. Firstly, each LA is allocated their basic entitlement factor. This provides a per pupil funding amount, adjusted for geographical variation in costs. This is based on the number of pupils who attend special schools and special academies in each LA, and the number of high needs pupils placed in independent schools by the LA.
- 1.6. Secondly, funding is distributed to LAs via a series of proxy factors (historic spend, population, free school meals, income deprivations affecting children index, bad health, disability and low prior attainment). These proxy factors reflect different aspects of the underlying high needs amongst the children and young people for whom an LA has duties to make provision under the relevant legislation.

¹ Department for Education, [National funding formula tables for schools and high needs: 2025 to 2026](#), November 2024

- 1.7. The historic spend factor is the first proxy and is calculated for each LA as 50% of their actual high needs spending in 2017-18. The historic spend factor remains unchanged from that used in the 2024-25 model except for changes to reflect alterations in LA geography. More details on its original calculation may be found in the 2022-23 high needs NFF technical note² and in paragraph B.6.
- 1.8. The funding for all other proxy factors³ is distributed to LAs based on the following indicators: 2–18-year-old population, deprivation, health and disability, and low prior attainment.
- 1.9. The basic entitlement and proxy factors (barring the historic spend factor) are subject to an ACA, which increases the funding allocated for areas of the country which experience higher costs. Area cost variations are implicit in the 2017-18 expenditure amounts, so the ACA is not applied to the historic spend factor.
- 1.10. The formula then applies the protection of a funding floor to the sum of the proxy factors. This ensures that, on a per head of population basis, these elements of the formula will increase by at least 7% in 2025-26 over the 2024-25 funding baseline⁴. A further layer of protection for LAs with decreasing populations ensures that no LA receives less funding than the equivalent figure from the 2024-25 baseline. However, for 2025-26, no LA receives any funding as a result of this additional protection.
- 1.11. A limit is placed on allocations such that no LA may receive greater than a 10% increase per head on their 2024-25 baseline amount. This baseline is the same as that used for the funding floor calculations.
- 1.12. Hospital education funding and historic teachers' pay and pensions funding for alternative provision (AP), plus pensions supplementary grant funding is then added. No changes are made to the teachers' pay and pensions funding for 2025-26 as it is a historic amount based on 2020-21 funding rates, but the 2025-26 hospital education funding is calculated as the 2024-25 hospital education funding (including any necessary adjustments) increased by 7%. This percentage uplift aligns with the funding floor percentage, as in previous years. For future years' NFFs, we will consider whether it is appropriate to continue with this alignment.
- 1.13. Additional funding for new and growing special free schools is also provided to LAs to ensure that place funding deductions made by the ESFA do not exceed the funding

² Department for Education, [National funding formula tables for schools and high needs: 2022 to 2023](#), July 2021.

³ The funding available for distribution through the other proxy factors is set to allow sufficient funding for all other factors, including the cost of implementing the funding floor.

⁴ The baseline used in determining whether an LA requires protection of the funding floor in 2025-26 is based on LAs' actual 2024-25 high needs allocations, including an adjustment for special free schools that are no longer new and growing.

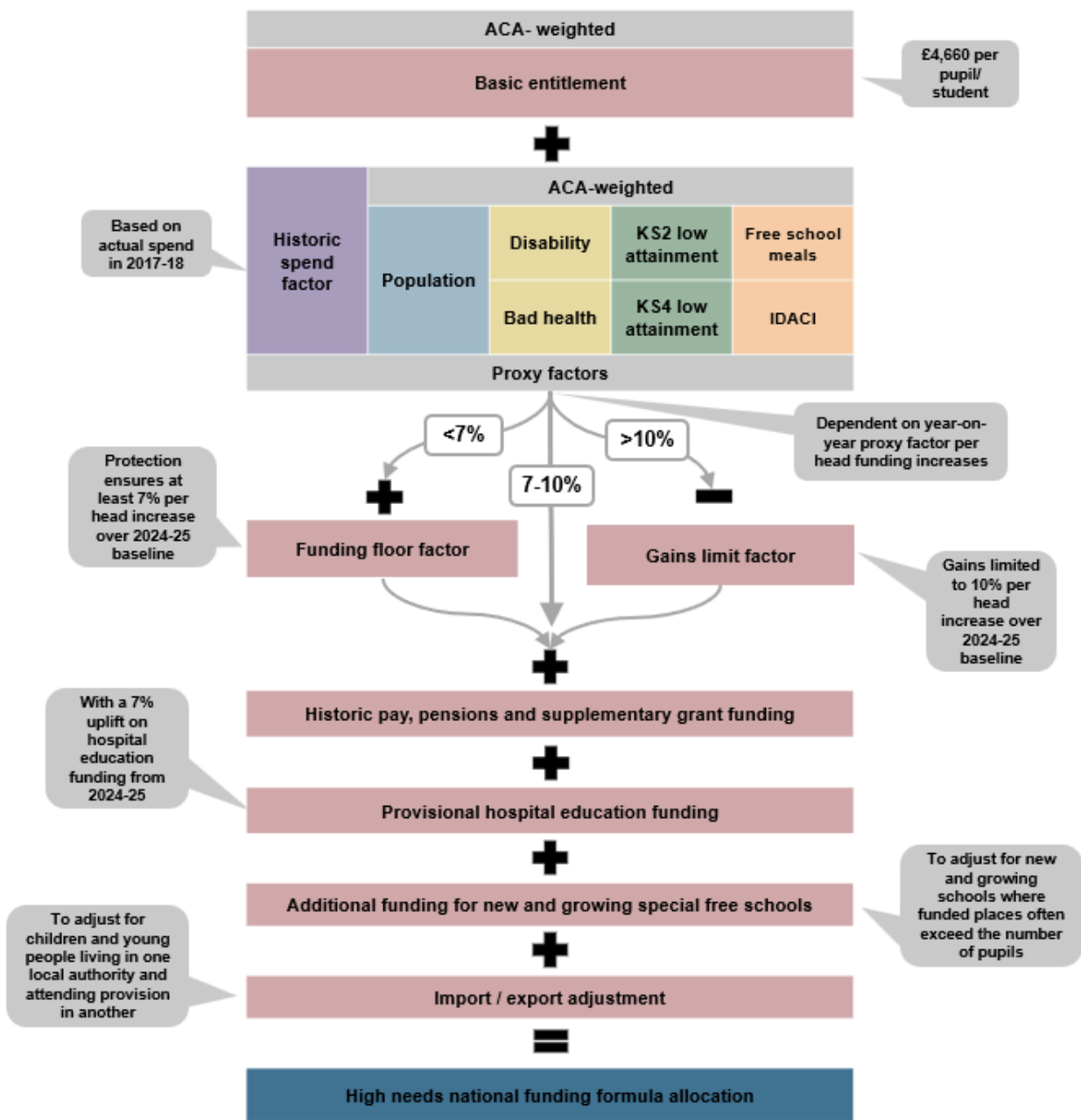
LAs receive for these schools. This is due to these schools undergoing their initial period of growth, where funded places often exceed the number of pupils.

- 1.14. Finally, the allocations are then subject to adjustments to account for high needs pupils and students that attend provision in a different LA from that in which they are resident. This ensures that LAs providing places for pupils and students who are not resident in their authority (“imports”) are allocated additional funding for these places. Conversely, if pupils and students who are resident in an LA attend provision elsewhere (“exports”), that authority’s allocation is reduced accordingly. As part of this adjustment pupils and students attending non-maintained special schools (NMSSs), special post-16 institutions (SPIs) and centrally funded institutions (CFIs) are treated as exports⁵, to reflect the fact that place funding for these institutions is allocated directly by the Education and Skills Funding Agency (ESFA), and not by an LA⁶.
- 1.15. Figure 1 gives a general overview of the 2025-26 high needs NFF and shows how the elements and factors in the high needs national funding formula combine to produce the allocations.

⁵ Only high needs students in SPIs and CFIs are included within the import/export adjustment; all students at NMSSs are treated as high needs students.

⁶ Funding for pupils and students in NMSSs and SPIs is included in the NFF through the basic entitlement allocated to the ESFA and is accounted for by the export adjustments. The remainder of the funding for NMSSs and SPIs is included in elements of funding outside the NFF, as per paragraph 2.2.

Figure 1: An overview of the elements and factors comprising the formula



Status of the allocations

- 1.16. Provisional high needs allocations for 2025-26 were published in November 2024.
- 1.17. Some data sources used in the NFF are due to be updated following the publication of the provisional 2025-26 allocations. The following factor and adjustment updates will be made to reflect these changes in the final 2025-26 Dedicated Schools Grant (DSG) allocations:

- a. December 2024 update to the basic entitlement factor, based on data from the January 2024 AP census and October 2024 school census.
 - b. March 2025 update to hospital education provision, based on information collected by the ESFA from LAs in autumn 2024.
 - c. May/June 2025 update to the import/export adjustments, based on data from the January 2025 school census and February 2025 R06 Individualised Learner Record (ILR).
 - d. May/June 2025 update to the adjustments for new and growing special free schools, based on data from the October 2024 school census, January 2025 school census and academic year 25/26 high needs places.
- 1.18. There are no plans for updates to the remaining elements and factors (the historic spend factor, other proxy factors, funding floor factor and funding gains limit). These elements will remain unchanged from those published in November 2024.

Differences between the 2024-25 and 2025-26 high needs NFF

- 1.19. The formula for 2025-26 is similar to 2024-25. Below is a summary of the changes that have been made:
- a. Data sets have been updated where available, and outlined in Annex B.
 - b. Additional funding for new and growing special free schools has been moved to be allocated within the high needs national funding formula. Prior to 2025-26 this was allocated outside of the formula but was included within the import/export adjustments of the published tables. This change is reflected in Table 1, and in the description of the formula factors in Chapter 3.
 - c. Previously, historic teachers' pay and pension funding for AP, and provisional hospital education funding were combined into an 'AP factor'. For the 2025-26 update, we have kept these separate throughout.

Chapter 2: High needs funding quantum

- 2.1 This chapter explains how the total quantum of high needs funding for 2025-26 will be allocated. Table 1 shows how the quantum is distributed between different elements of the formula.

Table 1: Breakdown of the 2025-26 high needs funding quantum excluding core schools budget grant (CSBG)

Symbol	Element of formula	Amount
[a]	2025-26 high needs quantum excluding CSBG	£11,445,000,000
[b]	Funding for later adjustments and elements funded outside the high needs NFF	£145,000,00
[c] = [a] - [b]	Funding allocated through high needs NFF	£11,300,000,000
[d]	Provisional basic entitlement allocation	£925,144,797
[e]	Historic spend factor funding	£2,787,346,264
[f]	Historic pay, pensions and pensions supplementary grant funding	£26,906,471
[g]	Hospital education funding	£119,669,860
[h]	Additional funding for new and growing special free schools	£25,280,446
[i]	Funding floor cost	£215,199,345
[j]	Funding available through the gains limit	£47,249,504
[k] = [c] - [d] - [e] - [f] - [g] - [h] - [i] + [j]	Funding available for other proxy factors	£7,247,702,321

- 2.2 The budgeted total high needs revenue funding for 2025-26 is £11.9 billion of which £480 million is set aside for a new consolidated core schools budget grant (CSBG) and £145 million is to be held back for later formula adjustments and elements of high needs funding which are not included in the high needs NFF. These elements

include funding for AP free schools and additional place funding for NMSSs and SPIs (which comes from the ESFA's in-year growth process).

- 2.3 From the remaining £11.3 billion, the funding required for the basic entitlement allocation, historic spend factor, historic pay, pensions and supplementary grant funding, provision hospital education funding, additional funding for new and growing special free schools and the 7% funding floor factor is deducted. The funding available from implementing the 10% gains limit is subsequently added to this amount.
- 2.4 The remaining £7.25 billion is then the total funding available for distribution through the other proxy factors. This amount is split between them according to specified weightings, which are detailed in Table 2 for each proxy factor.
- 2.5 The funding required for and available from implementing the 7% funding floor and 10% gains limit respectively, and the funding available for the other proxy factors are interdependent; that is, one cannot be known while the others are not. To ensure the exact high needs total is allocated, therefore, an optimisation process is carried out to determine the exact funding amount to be distributed through the other proxy factors.
- 2.6 It should be noted that the City of London and Isles of Scilly are excluded from the high needs NFF allocations, as they each separately receive a single education grant calculated on a different basis.

Chapter 3: Formula factors

3.1. This Chapter describes each element of the high needs NFF in more detail. The formula comprises fifteen factors/adjustments. These are assigned a letter (A) - (O) below, in line with the published allocations:

- (A) Basic entitlement factor
- (B) Historic spend factor
- (C) Population factor
- (D) Free school meals (FSM) factor
- (E) Income deprivation affecting children index (IDACI) factor
- (F) Bad health factor
- (G) Disability factor
- (H) Key stage 2 (KS2) low attainment factor
- (I) Key stage 4 (KS4) low attainment factor
- (J) Funding floor factor
- (K) Gains limit factor
- (L) Historic pay, pensions and supplementary grant funding
- (M) Provisional hospital education funding
- (N) Additional funding for new and growing special free schools
- (O) Import/export adjustments

(A) Basic entitlement factor

3.2. The basic entitlement factor for pupils and students in special schools and post-16 institutions has the same function as the basic entitlement funding through the schools funding formula (covering 5-16 provision in mainstream schools) and the national 16-19 funding formula (covering all mainstream post-16 provision in schools, colleges and other institutions).

- 3.3. The basic entitlement funding rate for 2025-26 is £4,660 per pupil or student and is subject to an ACA. For details of how the ACA is calculated see the ACA technical note⁷.
- 3.4. The number of pupils and students used to calculate the basic entitlement factor is determined using: (a) the number on roll at maintained special schools and special academies as recorded in the October 2023 school census, and (b) the number of pupils with special educational needs and disabilities (SEND) in independent schools as recorded in the January 2023 AP census.
- 3.5. As well as allocating the basic entitlement funding to LAs, the high needs NFF allocates funding to the ESFA for certain institutions that it funds directly. For this purpose, the ESFA is treated as an additional LA; it attracts £4,660 for each pupil in NMSSs and students in SPIs nationally.

Calculation of (A) basic entitlement factor

- 3.6. The calculation of the basic entitlement factor for each LA is as follows:
 - a. The number of pupils on roll at maintained special schools and special academies (as recorded in the October 2023 school census) is summed with the number of pupils with SEND in independent schools (as recorded in the January 2023 AP census). This gives the number of eligible pupils attending provision in each LA.
 - b. The basic entitlement rate of £4,660 is multiplied by the LA's ACA to give an ACA-weighted basic entitlement rate.
 - c. The number of eligible pupils is multiplied by the ACA-weighted basic entitlement rate to produce the basic entitlement factor total.
- 3.7. The ESFA's basic entitlement factor amount is calculated as the number of pupils and students in NMSSs and SPIs multiplied by £4,660.
- 3.8. The basic entitlement factor funding in the 2025-26 provisional allocations will be subsequently updated; the final 2025-26 DSG allocations will use the October 2024 school census data and January 2024 AP census data.

(B) Historic spend factor

- 3.9. The historic spend factor for each LA is 50% of their actual spend in 2017-18.

⁷ Department for Education, [National funding formula tables for schools and high needs: 2025 to 2026](#), November 2024

3.10. This factor remains unchanged from the historic spend factor used in the 2022-23 high needs NFF aside from changes to reflect alterations to LA geography; further details on how this factor is calculated may be found in the 2022-23 technical note⁸ and in paragraph B.6.

(C) - (I) Other proxy factors

3.11. The funding available for the other proxy factors is set to account for both the cost of implementing the funding floor of 7%, and the funding available from implementing the gains limit of 10%. This section explains how the proxy factor funding is distributed. Information on the data sources used for these factors is provided in Annex B.

3.12. The available proxy factor funding is split between the seven proxy factors according to the proportions set out in Table 2⁹.

Table 2: Proxy factor weightings

Proxy factor	Weighting
(C) Population	50%
(D) FSM	10%
(E) IDACI ¹⁰	10%
(F) Bad health	7.5%
(G) Disability	7.5%
(H) KS2 low attainment	7.5%
(I) KS4 low attainment	7.5%

3.13. 50% of the proxy factor funding is distributed through the population factor (C), 20% is distributed evenly through the two deprivation factors (D) and (E) and 30% is distributed evenly through the two health and two low attainment factors (F) - (I).

3.14. The 10% weighting for the IDACI factor is split further between IDACI bands A-F in the following proportions: Band A, 1.20%; Band B, 1.85%; Bands C, 1.70%; Band D, 1.55%; Band E, 2.15%; Band F, 1.55%. For further details of how the IDACI factor and weightings are calculated, see Annex A.

⁸ Department for Education, [National funding formula tables for schools and high needs: 2022 to 2023](#), July 2021.

⁹ Proxy factor weightings were originally based on 2017-18 high needs spending proportions of 90% on SEN provision and 10% on AP. Current weightings follow those used in the previous years' NFFs. ..

¹⁰ For further details of how the IDACI factor and weightings are calculated, see Annex A.

Calculation of (C) - (I) proxy factors

- 3.15. The funding for each proxy factor (C) - (I) is calculated in two stages. For the IDACI factors, the calculation is followed separately for each band A – F.
- 3.16. The total funding available for distribution through these proxy factors (excluding the historic spend factor) is multiplied by the relevant factor's combined weighting shown in Table 2. The weightings for the individual IDACI bands are outlined in paragraph 3.15.
- 3.17. The funding allocated through the relevant factor to each LA is then calculated as follows:
- The total number of children and young people relevant to the proxy factor in the LA is determined. For example, the population factor requires the total number of 2-18-year-olds resident in the LA; the FSM factor requires the number of children and young people resident in the LA who are eligible for FSM.
 - This total number of children and young people is multiplied by the LA's ACA.
 - The ACA-weighted numbers of children and young people are summed over all LAs to give the national total.
 - The funding to be allocated through the relevant factor is multiplied by the proportion of the national total of ACA-weighted children and young people within each LA.
- 3.18. An example of this calculation is shown in Table 3 demonstrating how £1 million factor funding would be allocated to each of 3 LAs based on their headcounts and ACAs.

Table 3: Proxy factor calculation – illustrative example

LA	Headcount	ACA	ACA weighted headcount	Calculation	Factor funding
LA ₁	100	1.0	100	£1 million × 100 / 670	£149,254
LA ₂	200	1.2	240	£1 million × 240 / 670	£358,209
LA ₃	300	1.1	330	£1 million × 330 / 670	£492,537
Total	600	-	670	£1 million × 670 / 670	£1,000,000

3.19. For the KS2 and KS4 low attainment factors, the formula aims to use attainment data from KS2 tests and GCSE exam results over the last 5 years, i.e., the period 2019 to 2023. Actual attainment data has been used for years 2019, 2022 and 2023, but the 2019 data has been used in place of the data that would normally have been collected in 2020 and the 2022 data has been used in place of the data that would normally have been collected in 2021 but was not due to the Covid-19 pandemic.

(J) Funding floor factor

3.20. The formula includes a funding floor factor which ensures LAs receive at least a specified year-on-year increase in funding. The funding which is subject to the floor is that calculated for the proxy factors ((B) to (I)). Funding through the basic entitlement (A), gains limit (K), historic pay, pensions and supplementary grant funding (L), hospital education (M), additional funding for new and growing special free schools (N) and import/export adjustments (O) is not taken into account when determining the level of funding an LA will receive through the floor. There are two elements to the funding floor:

- a. A “percentage protection” funding floor ensures that the total of the relevant funding elements increase on a per head basis from the per head 2024-25 baseline by at least 7% in 2025-26. The per head calculation is based on the 2018-based projected population of 2–18-year-olds resident in the LA area published by the Office for National Statistics (ONS)¹¹.
- b. An “absolute” funding floor ensures that the total of the relevant funding elements does not drop below the 2024-25 baseline. This protects the allocations of LAs with decreasing populations, though does not affect any LA in 2025-26.

3.21. The 2024-25 baseline comprises of each LA’s 2024-25 historic spend, other proxy factors, funding floor and gains limit funding. An adjustment is also included in the baseline to account for special free schools that are no longer new and growing. Where special free schools have reached their capacity, £6,000 per pupil (as recorded in the January school census) is incorporated into the resident LAs’ allocations through the 2024-25 baseline. Funding will already be included in the baseline for schools that were at capacity last year. Funding must be added for any that are newly at capacity for 2025-26, and this is called the “baseline adjustment”. Any further adjustments to the baseline are also included in the published 2025-26 impact tables.

3.22. The basic entitlement factor (A), historic pay, pensions and supplementary grant funding (L), provisional hospital education funding (M), additional funding for new and

¹¹ ONS, [Subnational population projections](#), October 2019.

growing special free schools (N) and import/export adjustment (O) are excluded from the calculation of the funding floor factor to ensure that variation in these elements across LAs is fully accounted for.

- a. If the number of independent or special school pupils attracting basic entitlement funding to an LA benefiting from the funding floor changes, the corresponding change in that authority's basic entitlement factor does not affect their funding floor factor.
- b. If an LA is a net importer or net exporter of pupils/students – see section (O) – their funding floor factor is not affected by the corresponding import/export adjustment to their allocation.
- c. Additional funding for new and growing special free schools (N) is excluded from the funding floor, as these schools are still growing, and will be incorporated into the funding baseline (and hence the funding floor factor) once they reach capacity.
- d. Provision of hospital education (M) funding is also excluded from the funding floor calculation. To ensure consistency with the funding floor, a 7% uplift is applied to all LAs' 2024-25 hospital education funding amounts (including any additional funding LAs received in 2024-25 on account of changes to hospital education provision, annualised to reflect funding requirements for one year).

Calculation of (J) funding floor factor

- 3.23. The percentage protection element of the funding floor factor is calculated as follows for each LA:
 - a. The total of the authority's 2024-25 historic spend factor, proxy factors, funding floor and gains limit factor is calculated. A "baseline adjustment" of £6,000 per pupil is added if the LA has residents attending special free schools that are no longer deemed new and growing for 2024-25 – see Annex B for details. Finally any exceptional baseline adjustments are added. This gives the 2024-25 baseline.
 - b. This baseline is divided by the mid-2024 ONS population projection of 2-18-year-olds to give the baseline per head.
 - c. The baseline per head is multiplied by 107% to determine the percentage protection funding floor per head.
 - d. The LA's total 2025-26 historic spend and other proxy factor funding is divided by their mid-2025 ONS projected population of 2-18-year-olds to give the 2025-26 formula funding amount per head.

- e. Where the percentage protection funding floor per head (step c) is greater than the 2025-26 formula funding amount per head (step d), the difference is multiplied by the LA's mid-2025 ONS projected population of 2–18-year-olds. This gives the authority's percentage protection element of the funding floor factor. If the percentage protection funding floor per head (step c) is less than or equal to the 2025-26 formula funding amount per head (step d), the amount of protection is zero.
- 3.24. The absolute element of the funding floor factor is then calculated as follows for each LA:
- a. The total of the authority's 2025-26 historic spend factor, other proxy factors and the percentage protection element of the funding floor factor (as calculated in 3.23) is determined.
 - b. This total is compared with the LA's baseline. If the baseline is greater, the difference gives the absolute element of the funding floor factor. This calculation is redundant for the 2025-26 allocations as no LA has a reduction in population great enough for the absolute funding floor to be reached.
- 3.25. The funding floor factor is then the sum of the percentage funding floor factor and absolute funding floor factor elements.

(K) Gains limit factor

- 3.26. The formula includes a gains limit factor which sets a limit to the year-on-year increase in funding. This factor is applied only to funding calculated through the proxy factors ((B)-(I)) and excludes funding through the basic entitlement (A), historic pay, pensions and supplementary grant funding (L), hospital education funding (M), additional funding for new and growing special free schools (N) and import/export adjustments (O).
- 3.27. The percentage gains limit is the maximum increase in funding from the relevant funding elements on a per head basis from the per head 2024-25 baseline and is 10% in 2025-26.

Calculation of (K) gains limit factor

- 3.28. The gains limit factor is calculated as follows for each LA:
- a. The baseline per head from the percentage floor protection calculations is used.
 - b. The baseline per head is multiplied by 110% to determine the maximum funding per head.

- c. The LA's total 2025-26 proxy factor funding is divided by their mid-2025 ONS projected population of 2-18-year-olds to give the 2025-26 formula funding amount per head.
- d. The final funding rate per head is taken as the minimum of steps b and c.

(L) Historic pay, pensions and supplementary grant funding

- 3.29. This factor includes funding for AP (including hospital education) teachers' pay and pensions costs that, prior to April 2021, were paid in separate grants: the teachers' pay grant (TPG) first allocated in 2018-19, and the historic teachers' pensions employer contribution grant (TPECG) and the pensions supplementary grant funding first allocated in 2019-20. It does not include the new Teachers Pay Additional Grant (first allocated from 2023-24), the more recent Teachers Pensions Employer Contribution Grant (first allocated from 2024-25) and the Core Schools Budget Grant (first allocated from 2024-25).
- 3.30. The AP teachers' pay and pension funding, including the pensions supplementary grant funding, are historic costs based on the relevant funding paid in 2020-21 and are therefore held at the same cash level as in the 2022-23 NFF, 2023-24 NFF and 2024-25 NFF. The teachers' pay and pension funding was calculated by summing the September to April high needs providers' TPG¹² and TPECG¹³, multiplying by place numbers and annualising, as explained in the high needs funding operational guide and other information published by the ESFA¹⁴.

(M) Provisional hospital education funding

- 3.31. LAs pay for places in hospital schools and for other hospital education provision and services. The hospital education funding baseline is adjusted to provide a full year increase in funding for any LAs that were given a part-year increase in 2024-25. These part-year increases reflect changes in hospital education provision in that year, resulting from a change in medical provision reported to the ESFA.
- 3.32. The 2025-26 hospital education funding for each LA is calculated as the total of their 2024-25 hospital education funding and the full year equivalent of adjustments, uplifted by 7%.

¹² Department for Education, [Teachers' pay grant: allocations for 2020 to 2021 financial year - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/teachers-pay-grant-allocations-for-2020-to-2021-financial-year), November 2020.

¹³ Department for Education, [Teachers' pension grant: 2020 to 2021 allocations - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/teachers-pension-grant-2020-to-2021-allocations), November 2020.

¹⁴ Educational and Skills Funding Agency, [High Needs Funding Arrangements](https://www.esfa.gov.uk/High-Needs-Funding-Operational-Guide), November 2024

- 3.33. LAs will continue to be able to notify the department of changes to their hospital provision in 2025-26, as explained in the high needs funding operational guide and other information published by the ESFA.

(N) Additional funding for new and growing special free schools

- 3.34. When a special free school is new and has not reached its capacity, its pupil and place numbers are likely to increase over time. Funding for these schools is not yet included in a LA's high needs NFF baseline, and they receive additional funding to ensure place funding deductions do not exceed funding received through the formula.
- 3.35. There are two parts to this additional funding, the first element of additional funding is for resident pupils, where LA's are allocated £6,000 per pupil resident in the LA that attends a new and growing special free school, as recorded in the January school census.
- 3.36. The basic entitlement and the additional resident pupil funding make up the special free school allocation received by each LA through the NFF. This allocation is therefore calculated based on pupil numbers reported in the school census.
- 3.37. The ESFA, however, deducts £10,000 per place from LAs' DSG allocations to account for the place funding it passes on to the special free schools. This ensures the funding is not allocated twice, both to the ESFA and to the LA.
- 3.38. The pupil and place numbers that are used for the NFF allocations and ESFA deductions respectively are not necessarily equal. New and growing special free schools will often have fewer pupils than funded places. In these cases, more is deducted from than allocated to the LA. Extra funding is added to the LA's NFF allocation to make up this difference. This is the second part of the additional funding for new and growing special free schools.
- 3.39. If an LA receives more NFF funding for new and growing free schools than is deducted, no adjustment is made.
- 3.40. Further details on special free school funding, including how special free schools are categorised as new and growing, are available in the published guidance on special free schools adjustments¹⁵.

¹⁵ Educational and Skills Funding Agency, [High Needs Funding Arrangements](#), November 2024

Calculation of (N) additional funding for new and growing special free schools

- 3.41. The calculation of the additional funding for new and growing special free schools for each LA is as follows:
- a. Number of resident pupils (January 2024 school census) in new and growing special free schools
 - b. Additional funding for resident pupils: $[b] = £6,000 * [a]$
 - c. Number of pupils attending a new and growing special free school provided by the LA (January 2024 school census)
 - d. Net imported pupils in new and growing special free school: $[d] = [c] - [a]$
 - e. New and growing special free school import/export adjustment: $[e] = £6,000 * [d]$
 - f. Basic entitlement pupils in new and growing special free schools (October 2023 school census).
 - g. ACA weighted basic entitlement funding rate: $[g] = £4,000 * ACA$
 - h. Basic entitlement funding for new and growing special free schools: $[h] = [f] * [g]$
 - i. Place funding deductions based on high needs places for academic year 23/24 and academic year 24/25, or capacity recorded on GIAS if lower than places funded. Place funding deductions of £4,167 per place for April – August (5/12 of £10,000) and £5,833 per place for September to March (7/12 of £10,000).
 - j. Funding to ensure place funding deductions do not exceed funding for places up to capacity: $[j] = \max(0, [i] - [h] - [e] - [b])$
 - k. Total additional funding for new and growing special schools: $[k] = [b] + [j]$
- 3.42. The additional funding for new and growing special free schools in the 2025-26 provisional allocations will be subsequently updated; the final 2025-26 DSG allocations will use the October 2024 school census, January 2025 school census and high needs places for academic years 24/25 and 25/26.

(O) Import/export adjustments to reflect cross-border movement

- 3.43. An LA's allocation under the high needs NFF reflects the costs of the high needs provision in their area. This funding relates to all the pupils and students who are

educated in specialist provision in the LA area, including those who are residents of other LAs, referred to as ‘imported pupils and students’.

- 3.44. Conversely, an LA’s allocation takes account of the fact that some of its resident pupils and students may attend specialist provision located in other authority areas. These pupils and students are referred to as “exported pupils and students”. The calculation takes into account both imported and exported pupils and students, and results in a net adjustment.
- 3.45. Place funding for NMSSs, SPIs and CFIs is paid directly by the ESFA, and not by LAs. As such, the pupils and students occupying places in these institutions are counted as exported pupils and students from the LAs’ perspective. Adjustments are made to the allocations of the LAs with residents with high needs attending NMSSs, SPIs and CFIs¹⁶, even if the institutions are situated within that LA.
- 3.46. Adjustments are not made for AP places, as insufficient data is available to calculate them, and AP funding is deployed more variably between authorities. This will be kept under review.
- 3.47. The adjustments described above ensure that:
 - a. If an LA is a net exporter (i.e. they have more exported pupils and students attending provision outside the area than they have imported pupils and students from other LAs), their funding allocation is reduced by £6,000 per net exported pupil/student.
 - b. If the LA is a net importer (i.e. they have more imported pupils and students attending provision within the area than they have exported pupils and students to providers in other LAs), their funding allocation is increased by £6,000 per net imported pupil/student.
- 3.48. While individual LAs may see an increase or decrease to their funding as a result, these adjustments are simply moving funding between LAs. This £6,000 per pupil/student is in addition to the basic entitlement that every school (except for AP) or college attracts for its pupils and students through either the high needs place funding from LAs’ high needs NFF allocations, or the schools NFF, or the national funding formula for schools and colleges with post-16 students.
- 3.49. The adjustments are recalculated every year and are applied to LAs’ high needs NFF allocations after the funding floor and gains limit amounts have been determined.

¹⁶ All pupils in NMSSs are treated as high needs. Students in SPIs and CFIs are only treated as having high needs if they are attracting top-up funding to their institution.

- 3.50. The adjustments enable LAs to make decisions about placements and the creation of new places, knowing that the impact on their high needs budgets will be cost-neutral, subject to the lag between data collection and the adjustment of funding allocations. Such decisions may be about:
- a. The creation of new special schools or special units in mainstream schools, with places to be partially occupied by residents of other LAs;
 - b. The provision of part of an LA's high needs budget to its mainstream schools to reflect their admission of pupils with high needs, where some pupils at those schools are resident in other LAs.
- 3.51. The high needs operational guide¹⁷ includes further information about the role of LAs that host providers, in funding additional places required in other schools and colleges.

Calculation of (O) import/export adjustment

- 3.52. The following pupils and students are considered for the import/export adjustments:
- a. Pupils aged 2-18 in maintained special schools, special academies and special free schools;
 - b. Pupils aged 2-18 and in primary or secondary schools, for whom the school is in receipt of top-up funding¹⁸;
 - c. Pupils aged 2-18 in NMSSs;
 - d. Students over 14 and under 25 in further education (FE) for whom the institution is in receipt of top-up funding¹⁹;
 - e. High needs students over 14 and under 25 in SPIs; and
 - f. High needs students over 14 and under 25 in CFIs.
- 3.53. We use the import/export adjustment data as published in May/June 2024 for the 2024-25 DSG update (January 2024 school census, February 2024 R06 cut of the ILR), even though later adjustments can be made if errors are discovered as part of LAs' scrutiny of the data. In both cases, new data will be available in

¹⁷ Education and Skills Funding Agency, [High Needs Funding Arrangements](#), November 2024

¹⁸ As identified by having a top-up funding "flag" in the school census.

¹⁹ Includes FE colleges, sixth form colleges and independent learning providers, but excludes school sixth forms. The students are identified in the ILR. Students attending more than one provider have their head-count split evenly between the providers, e.g., a student in two providers counts as 0.5 in each.

January/February 2025, and the import/export adjustments will consequently be updated as per paragraph 1.17.c.

- 3.54. For a, b and d, in any instances where the LA in which the pupil or student is resident is not recorded, they are assumed to be resident in the LA that hosts the provider. Any pupils and students residing outside England are excluded from the final counts.
- 3.55. For c, e and f, the ESFA are treated as an additional LA that hosts the relevant providers, as place funding is paid directly by ESFA to NMSSs, SPIs and CFIs. Where the LA in which a pupil or student resides is not recorded, the pupil or student is assumed to reside in the ESFA "LA". Any pupils and students residing outside England or residing in the City of London or Isles of Scilly, are excluded from the counts.
- 3.56. This means the ESFA is a net importer and therefore there is a net cash transfer to the ESFA through this factor. The funding provided by the ESFA for these pupils and students is included in the high needs NFF quantum. It is allocated to LAs through the formula and returned to the ESFA through the import/export adjustments. In this way the allocation to the ESFA reflects changes in usage of NMSSs, SPIs and CFIs by LAs.
- 3.57. Adjustments are not made on a pupil/student-specific basis; only net imported pupils/students are considered.
- 3.58. The calculation of the import/export adjustment for each LA is summarised as:
 - a. The total number of high needs pupils and students resident in each LA is determined.
 - b. The total number of high needs pupils and students attending providers in each LA is determined.
 - c. The number of net imported pupils and students is calculated for each LA, $b - a$ (a negative number signifies the LA is a net exporter).
 - d. The required adjustment is calculated by multiplying the number of net imported pupils and students by £6000.

Calculation of 2025-26 formula allocations

- 3.59. The high needs NFF allocation is calculated as the sum of formula factors (A) to (O): (A) basic entitlement factor, (B) historic spend factor, (C) population factor, (D) FSM factor, (E) IDACI factor, (F) bad health factor, (G) disability factor, (H) KS2 low attainment, (I) KS4 low attainment, (J) funding floor, (K) gains limit, (L) historic pay, pensions and supplementary grant funding, (M) hospital education funding, (N)

additional funding for new and growing special free schools and (O) import/export adjustments.

- 3.60. The basic entitlement factor (A) and import/export adjustments (O) are provisional until further data is available to calculate the final allocations. The hospital education funding (M), and adjustments for new and growing special free schools (N) are also subject to later adjustments.

Annex A: IDACI factor weighting

- A.1. The IDACI factor is one of two deprivation factors used in the formula (the FSM factor being the other). These factors target more deprived LAs, assuming high needs costs are greater in these areas.
- A.2. The IDACI measures the proportion of all children aged 0-15 living in income-deprived families. It is one of the English Indices of Deprivation (IoDs), as published by the Ministry of Housing, Communities and Local Government, which provide relative measures of deprivation for geographical areas across England²⁰. The 2019 IDACI dataset is used for the 2025-26 formula, which ranks all lower-level super output areas (LSOAs) from most to least deprived.
- A.3. In calculating the IDACI factor:
- a. The LSOAs are split into bands A - G according to where they rank in order of deprivation, where rank 1 is most deprived and rank 32844 is least deprived. The band limits are defined on percentiles, where the Xth percentile is the rank below which X% of LSOAs fall. Table 4 shows these limits.

Table 4: Ranks of IDACI bands A – G

IDACI band	Description	Ranks
A	most deprived 2.5% of LSOAs	1 to 821
B	next 5% most deprived LSOAs	822 to 2463
C	next 5% most deprived LSOAs	2464 to 4105
D	next 5% most deprived LSOAs	4106 to 5747
E	next 10% most deprived LSOAs	5748 to 9032
F	next 10% most deprived LSOAs	9033 to 12316
G	remaining LSOAs	12317 to 32844

- b. The number of children aged 2-18 in each LSOA is determined according to the mid-2022 population estimates published by the ONS²¹;

²⁰ Ministry of Housing, Communities and Local Government, ['English indices of deprivation 2019'](#), September 2019.

²¹ Office for National Statistics, ['Mid-2022 Lower Super Output Area Mid-Year Population Estimates'](#), March 2024.

- c. IDACI data is published using LSOA geography from 2011 (LSOA11), whilst mid-2022 population estimates are published using LSOA geography from 2021 (LSOA21).
- i. The large majority of LSOA boundaries remain unchanged between 2011 and 2021. Where an LSOA has the same boundaries in LSOA21 as it had in LSOA11, we can simply assign it an IDACI band from the IDACI dataset.
 - ii. Where LSOAs have changed (whether that be a merge, a split or an irregular change), we use the NSPL²² to determine each postcode within an LSOA21 area, work out which area in LSOA11 the postcode was in, and from there assign the postcode an IDACI band. We do not use any postcodes recorded as having zero population in the 2021 Census²³. If all postcodes within an LSOA21 are situated within the same IDACI band, then we class the LSOA21 as sitting in the same IDACI band. If the postcodes within an LSOA21 are split across multiple IDACI bands, then we proportion out 2-18 population according to the number of postcodes in each IDACI band.²⁴
- d. The number of children aged 2-18 in each band within each LA is then determined by summing over all LSOAs in that band and LA.
- e. The IDACI factor funding (10% of the proxy factor funding) is split into 6 separate amounts to cover bands A - F, according to the proportions set out in Table 5. These weightings are unchanged from 2024-25 and will be reviewed for 2026-27.

Table 5: Proportion of proxy factor funding assigned to each IDACI band

	Band F	Band E	Band D	Band C	Band B	Band A
Factor weight	1.55%	2.15%	1.55%	1.70%	1.85%	1.20%

²² Office for National Statistics - Open Geography Portal, [National Statistics Postcode Lookup - 2021 Census](#), February 2024

²³ Office for National Statistics, [Postcode resident and household estimates, England and Wales: Census 2021](#), June 2022

²⁴ This 'splitting' methodology only needs to be performed 49 out of the total of 32,444 LSOAs (0.15%).

Annex B: Data sources

(A) Basic entitlement factor

- B.1. Data collected in the October 2023 school census and the January 2023 AP census is used for the basic entitlement calculations²⁵. This data includes numbers of all pupils under 19 in maintained special schools and special academies (school census) and pupils with SEND in independent schools (AP census).
- B.2. Where a pupil has a primary registration ('Current' or 'Main' registration type in the school census) at multiple schools, that pupil is apportioned equally between them. Where the schools are in differing LAs, pupils are apportioned before applying an ACA.
- B.3. Data from the ILR is used to calculate the basic entitlement funding allocated to the ESFA.
- B.4. The basic entitlement factor will be updated in December 2024 using data from the October 2024 school census and January 2024 AP census.
- B.5. The data from the school census, AP census and ILR that is used for the basic entitlement factor has not been published and has been sourced internally.

(B) Historic spend factor

- B.6. The historic spend factor remains unchanged from the 2022-23 allocations for most local authorities. For local authorities that have split or merged since the introduction of the historic spend factor, their historic spend factor has been amended to reflect this. Details of its calculation and data sources are provided in the 2022-23 technical note²⁶.

(C) - (K) Other proxy factors

- B.7. Table 6 lists the data sources used for each proxy factor in the 2025-26 allocations.

²⁵ SPIs and NMSSs are included in the basic entitlement funding through the NFF, with the ESFA acting as the "LA" that hosts these providers. The most recent ILR data is used to determine student numbers in SPIs. School census data is used to determine pupil numbers in NMSSs.

²⁶ Department for Education, '[National funding formula tables for schools and high needs: 2022 to 2023](#)', July 2021.

Table 6: Data sources used for each formula factor

Factor	Data used for 2025-26 allocations	Sourced from
(C) Population	The projected number of people aged 2-18 resident in each LA in mid-2025, based on mid-2018 population projections.	ONS ²⁷
(D) FSM	The number of pupils resident in each LA and registered as eligible for FSM, as recorded in the January 2024 school census. FSM eligibility is determined by a household's benefit entitlement status. The number of pupils in each LA eligible for the 2-year-old offer or Early Years Pupil Premium for economic reasons, as recorded in the 2024 early years census.	Department for Education
(E) IDACI	The IDACI rank of each LSOA as specified in the IoD IDACI dataset. The number of 2-18-year-olds in each LSOA based on mid-2022 population estimates.	MHCLG ²⁸ ONS ²⁹
(F) Bad health	The number of children aged 0-15 in bad or very bad health and resident in each LA, as reported by parents in the 2021 general population census.	ONS ³⁰
(G) Disability	The number of children aged 0-15 with parents entitled to disability living allowance and residing in each LA, as of February 2024 (published in August 2024).	Stat-Xplore ³¹

²⁷ Office for National Statistics, '[Subnational Population Projections, Local Authorities in England: SNPP Z1](#)', March 2020.

²⁸ Ministry of Housing, Communities & Local Government, '[English indices of deprivation 2019](#)', September 2019.

²⁹ Office for National Statistics, '[Lower Super Output Area Mid-Year Population Estimates](#)', March 2024.

³⁰ Office for National Statistics, '[Create a custom dataset - ONS; Usual residents, Upper tier local authorities, Age, General Health](#)', March 2023.

³¹ Stat-Xplore, '[DWP benefit statistics - Disability Living Allowance; DLA: Cases with entitlement - Data from May 2018; Table 4 – Local Authority; England only; Quarter: Feb-24, Age bands: under 5, 5 to 10, 11 to 15](#)', February 2024.

Factor	Data used for 2025-26 allocations	Sourced from
(H) KS2 low attainment	<p>The number of pupils resident in each LA who did not attain a specified scaled score in the KS2 reading test or who were not entered into the test due to being below the required standard or who were unable to access the test, for years 2019, 2022 and 2023.</p> <p>The numbers are taken from the test results across all mainstream and special maintained schools and academies.</p> <p>2019 test data is used as a proxy for 2020 and 2022 test data as a proxy for 2021 due to a lack of appropriate data from those years.</p>	Department for Education ³²
(I) KS4 low attainment	<p>The number of pupils in the lowest 5% of Attainment 8 results for years 2019, 2022 and 2023.</p> <p>2019 Attainment 8 results are used as a proxy for 2020 and 2022 Attainment 8 results for 2021 results due to a lack of appropriate data.</p>	Department for Education ³³
(J) Funding floor (K) gains limit factor	<p>The projected number of people aged 2-18 resident in each LA in mid-2024 and mid-2025, based on mid-2018 population projections.</p>	ONS ³⁴

- B.8. Where information is collected and datasets published infrequently – for example, the data from the general population census (collected every 10 years) and IDACI data from DLUHC (collected roughly every 3-5 years) – the impact of using new datasets is examined carefully. This is to consider the impact of step changes that may result from using new, significantly different data without a gradual transition.
- B.9. The data from the school census and Early Years census that is used for the proxy factors has not been published and has been sourced internally; this is because the data is specifically requested in a bespoke form relevant to the NFF calculations.

³² Department for Education, '[Statistics: key stage 2](#)', December 2023

³³ Department for Education, '[Statistics: GCSEs \(key stage 4\)](#)', February 2024.

³⁴ Office for National Statistics, '[Subnational Population Projections, Local Authorities in England: SNPP Z1](#)', March 2020.

(L) Historic pay, pensions and supplementary grant funding

B.10. The historic teachers' pay, pensions and pensions supplementary grant funding may also be found in the 2024-25 high needs NFF impact tables; it remains unchanged for 2025-26 as it is a historic cost.

(M) Provisional hospital education funding

B.11. The 2024-25 hospital education funding amounts may be found in the published 2024-25 high needs NFF impact tables³⁵. These form the basis of the calculated 2025-26 hospital education amounts. Usually, further adjustments to some LAs' amounts would be made to reflect changes in their hospital education provision, including full year increases for LAs that were given a part-year increase to their previous year's allocation.

(N) Additional funding for new and growing special free schools

B.12. Data from the October 2023 and January 2024 school census are used for numbers of pupils attending new and growing special free schools.

B.13. The additional funding for new and growing special free schools will be updated to use the October 2024 school census, January 2025 school census and high needs places for academic years 2024/25 and 2025/26 in early summer 2025.

(O) Import/export adjustment

B.14. Data from the January 2024 school census is used for the import/export adjustments: numbers of pupils in special schools (maintained special schools, special academies and NMSSs) and numbers of pupils for whom mainstream schools receive top-up funding.

B.15. Data from the February R06 cut of the 2023/24 ILR is also used for these adjustments: the numbers of students in SPIs and the numbers of students for whom other post-16 FE institutions receive top-up funding.

B.16. The institution-level data used to determine the 2025-26 provisional adjustments and allocations has been made available to LAs via GalaxKey, a secure data system. The data used to determine the final adjustments and allocations will be made available in June 2025.

³⁵ Department for Education, '[Impact of the high needs NFF, 2022 to 2023](#)', July 2021.

B.17. The import/export adjustments will be updated with data from the January 2025 school census and the February R06 cut of the 2024/25 ILR in early summer 2025.

Annex C: Glossary

The following abbreviations and terms are used in this technical note:

ACA	Area cost adjustment
AP	Alternative provision
CFI	Centrally funded institution
CSBG	Core Schools Budget Grant
DSG	Dedicated Schools Grant
ESFA	Education and Skills Funding Agency
FE	Further education
FSM	Free school meals
KS2	Key stage 2
KS4	Key stage 4
IDACI	Income deprivation affecting children index
ILR	Individualised learner record
IoD	Index of deprivation
LA	Local authority
LSOA	Lower-layer super output area
MHCLG	Ministry of Housing, Communities and Local Government
NFF	National funding formula
NMSS	Non-maintained special school
ONS	Office for National Statistics
SEND	Special educational needs and disabilities
SPI	Special post-16 institution
TPECG	Teachers' pensions employer contribution grant as introduced in 2019-20
TPG	Teachers' pay grant as introduced in 2018-19



Department
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