



Department
for Education

The national funding formula for schools and high needs

2026 to 2027

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Introduction

1. This document sets out how the funding will be allocated through the national funding formulae (NFFs) for mainstream schools and central school services for 2026 to 2027. We have updated this document to include information on how the high needs allocations for 2026 to 2027 are calculated and on the local distribution of high needs funding.
2. Total provisional funding for mainstream schools through the schools NFF will total £50.9 billion in 2026 to 2027. This includes funding that was allocated in 2025 to 2026 through the Schools Budget Support Grant (SBSG) and National Insurance Contributions (NICs) Grant, which has been “rolled in” to the schools NFF in 2026 to 2027 to help simplify the funding system. On top of this rolled in funding, factor values in the school NFF have been increased, with details of the uplifts provided below.
3. In 2026 to 2027, local funding formulae will continue to determine funding allocations for individual schools, but as in recent years local authorities which are not already “mirroring” the NFF will be required to move their factor values at least 10% closer to the NFF values than the previous year.
4. Central school services funding funds local authorities for the ongoing responsibilities they continue to have for all schools, and some historic commitments entered into before 2013 to 2014. The total provisional funding for ongoing responsibilities is £379 million in 2026 to 2027.
5. Final allocations of mainstream schools and central schools services funding for 2026 to 2027 have been calculated based on the latest pupil data, for inclusion in local authorities’ Dedicated Schools Grant (DSG) allocations.
6. For the 2026 to 2027 allocations we are temporarily suspending the high needs national funding formula, which previously was used to calculate local authorities’ high needs allocations. Instead, local authorities’ allocations will be based on their 2025 to 2026 allocations, with some adjustments as explained in Section 3. We will review the methodology for allocating high needs funding so that it supports the wider SEND reforms.
7. In June 2025, the government announced that, starting from September 2026, Free School Meals (FSM) will be extended to all children in households receiving Universal Credit (UC). For 2026 to 2027, we are not proposing any changes to the schools NFF or high needs allocations in respect of the FSM expansion through the DSG. Instead, the additional funding for the FSM expansion will be provided through a separate grant. Further details on how this grant will be calculated will be published separately in due course.

Section 1: The national funding formula for schools

8. For 2026 to 2027, we are making no changes to the structure of the schools National Funding Formula (NFF), with the same factors used in the formula as in 2025 to 2026. A full description of the 2026 to 2027 schools NFF is set out in Annex A. Further detail on the methodology used for the schools NFF is set out in the [2026 to 2027 NFF technical note](#).

Rolling the additional grant funding into the schools NFF

9. The mainstream schools' elements of the Schools Budget Support Grant (SBSG) and the National Insurance Contribution (NICs) grant are being rolled into the schools NFF for 2026 to 2027.

10. The approach to rolling in these grants is very similar to how earlier grants were rolled into the 2025 to 2026 NFF. We have rolled in the grants in three ways, to reflect the three different ways in which schools attract funding through the NFF:

- Increasing the basic entitlement, FSM6 and the lump sum factor values for schools funded through the main formula factors (before protections);
- Increasing the minimum per pupil levels; and
- Increasing the baseline for each school, which is used to calculate funding protections for schools funded through the funding floor.

11. Table 1 below shows the amounts that have been added to the core factor values in respect of the grants. These same amounts have been used when uplifting each school's baseline in the NFF. For the NICs grant, these are simply the funding rates from the respective factors in the NICs grant. For the SBSG, the amounts that are added to the NFF factor values reflect the "full year equivalent" of the SBSG funding rates. This means that the SBSG funding in the table below is higher than the funding rates that were actually used for the 2025 to 2026 SBSG, as the latter supported schools with the part-year costs of the 2025 teachers' pay award.

12. The existing Area Cost Adjustment (ACA) calculation within the NFF ensures that the per pupil rates added to these factors are uplifted to reflect geographical variation in labour market costs, as is currently the case with the grants.

Table 1: Factor value uplifts from the rolling in of grants

Factor	SBSG (annualised)	NICs grant	Total
Primary basic per-pupil	£55	£78	£133
KS3 basic per-pupil	£78	£68	£146
KS4 basic per-pupil	£88	£77	£165
Primary FSM6 per-pupil	£49	£75	£124
Secondary FSM6 per-pupil	£72	£60	£132
Lump sum	£2086	£2400	£4486

13. Table 2 below shows the amounts added to the schools NFF minimum per pupil levels in respect of the grants. It reflects the amount of funding allocated through the NICs grant in 2025 to 2026, as well as the full year equivalent of the SBSG.

Table 2: Minimum per pupil (MPPL) funding uplifts due to grants

	Uplifts for 2025-26 SBSG and NICs grant
Primary MPPL	£160
Secondary MPPL	£175

14. The rolling in of these grants into the schools' notional NFF allocations will affect the core budgets that maintained schools will receive from April 2026, and that academies will receive from September 2026. Because of this, academies will receive further grant payments for the period April 2026 to August 2026.

Increasing funding factor values

15. Almost all factor values in the schools NFF have increased from 2025 to 2026. The amount of the increase varies between factors:

- 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 Schools Budget Support Grant (SBSG) and the National Insurance Contribution (NICs) Grant from 2025 to 2026, as covered in the section above.
- On top of this, a further 2.11% increase has been applied to the basic entitlement; FSM6 values and the lump sum factors.
- A 2.11% increase has also been applied to the IDACI, low prior attainment (LPA), English as an Additional Language (EAL), mobility, sparsity and split sites factors.
- A 1.66% uplift has been applied to the FSM factor in the NFF, in line with inflation forecasts – as of the GDP deflator forecast of March 2025.

16. All primary schools will attract at least £5115 per pupil, and all secondary schools at least £6640 per pupil – the minimum per pupil funding levels incorporate the rolled in SBSG and NICs Grant funding, but no further percentage uplift has been applied to the minimum per pupil funding levels for 2026 to 2027.

17. All 2026 to 2027 factor values can be seen in table 3 below.

18. The funding floor will continue to protect schools from sudden drops in their funding. The 2026 to 2027 NFF funding floor is set at 0%. This ensures that no school will see a cash reduction in its pupil-led per pupil funding they attract, compared to the 2025 to 2026 baseline. For 2026 to 2027 the baseline includes rolled in funding to reflect the NICs Grant and the annualised equivalent of the SBSG.

19. Because of this baseline uplift, the 0% floor in 2026 to 2027 still incorporates a year-on-year increase in funding compared to what schools attracted in 2025 to 2026.

20. Premises funding for exceptional circumstances and business rates will continue to be given at the local authority level, based on the amounts reported by local authorities in their 2025 to 2026 local funding formulae, as recorded in the 2025 to 2026 Authority Proforma Tool (APT).

Rules governing local authority formulae

21. The responsibility for deciding local funding formulae rests with local authorities for mainstream schools in their area for 2026 to 2027. The funding levels that schools, both maintained schools and academies, receive will be decided by the respective local formulae.

22. In 2026 to 2027 local authorities must move their local formulae factor values at least a further 10% closer to the corresponding NFF values, compared to the previous year, except where their local formula is already 'mirroring' the NFF.

23. Local authorities must comply with the national requirements for growth and falling rolls funding as set out in the [growth and falling rolls guidance](#).

24. Further details on the tightening requirements for local formulae with guidance for local authorities are set out in the [schools operational guide](#). We have also published the allowable factor values for 2026 to 2027 for each local authority [here](#).

Other key features of the local funding formulae

25. Local authorities will continue to set a minimum funding guarantee in local formulae, which in 2026 to 2027 must be between 0% and -0.5%. This allows them to match the funding floor protection in the NFF, which is set at 0%.

26. Local authorities will again be able to transfer up to 0.5% of their total schools' block allocations to other blocks of the Dedicated Schools Grant (DSG), with schools forum approval. A disapplication will continue to be required for transfers above 0.5%, or for any amount without schools forum approval. The criteria the Department apply when considering such requests are available in the [schools operational guide](#).

27. Local authorities should continue to review the methodology used to calculate schools' notional Special Educational Needs (SEN) budgets, ensuring that allocations are proportionate to both the incidence and associated costs of pupils receiving SEN Support and that they meet the additional support costs of up to £6,000 per pupil for those with more complex needs. More guidance for local authorities is published here: [Pre-16 schools funding: local authority guidance for 2026 to 2027 - GOV.UK](#).

Table 3: Factor values and total spend in 2026 to 2027

	Unit Values	Total Funding (incl. ACA)	Proportion of core total
Basic per pupil Funding		£37,719 m	74.3%
Basic entitlement		£37,634 m	74.1%
Primary basic entitlement	£4,064	£18,218 m	35.9%
KS3 basic entitlement	£5,686	£11,241 m	22.1%
KS4 basic entitlement	£6,410	£8,176 m	16.1%
Minimum per pupil		£85 m	0.2%
Primary Minimum Per Pupil funding	£5,115	£70 m	0.1%
Secondary Minimum Per Pupil funding	£6,640	£15 m	0.0%
Additional Needs Funding		£9,192 m	18.1%
Deprivation		£5,595 m	11.0%
Primary FSM	£505	£564 m	1.1%
Secondary FSM	£505	£446 m	0.9%
Primary FSM6	£1,210	£1,376 m	2.7%
Secondary FSM6	£1,725	£1,616 m	3.2%
Primary IDACI A	£700	£105 m	0.2%
Primary IDACI B	£530	£151 m	0.3%
Primary IDACI C	£500	£139 m	0.3%
Primary IDACI D	£455	£122 m	0.2%
Primary IDACI E	£290	£147 m	0.3%
Primary IDACI F	£240	£116 m	0.2%
Secondary IDACI A	£970	£101 m	0.2%
Secondary IDACI B	£760	£157 m	0.3%
Secondary IDACI C	£710	£143 m	0.3%
Secondary IDACI D	£650	£125 m	0.2%
Secondary IDACI E	£460	£168 m	0.3%
Secondary IDACI F	£345	£119 m	0.2%
Low Prior Attainment		£2,933 m	5.8%
Primary LPA	£1,200	£1667 m	3.3%
Secondary LPA	£1,825	£1267 m	2.5%
English as an Additional Language		£572 m	1.1%
Primary EAL	£610	£383 m	0.8%
Secondary EAL	£1,630	£189 m	0.4%
Mobility		£91 m	0.2%
Primary Mobility	£985	£67 m	0.1%
Secondary Mobility	£1,415	£24 m	0.0%
School-Led Funding		£3,249 m	6.4%
Lump Sum		£3,145 m	6.2%
Primary lump sum	£152,700	£2,624 m	5.2%
Secondary lump sum	£152,700	£521 m	1.0%
Sparsity		£104 m	0.2%
Primary sparsity	£58,600	£99 m	0.2%
Secondary sparsity	£85,200	£5 m	0.0%
Premises		£598 m	1.2%
Split sites	£82,700	£37 m	0.1%
Area Cost Adjustment: Multiplier applied to basic entitlement, additional needs, school-led funding and split sites (it is included in the factor subtotals)			
Core total (excl. funding floor)		£50,758 m	
Floor		£162 m	
Primary floor funding		£81 m	
Secondary floor funding		£81 m	
Total		£50,919 m	

28. Table 3 shows the unit values, total funding and proportion of funding for each factor in the formula. The total funding for each factor is rounded to the nearest £1 million, and the proportion of the total is rounded to the nearest 0.1%. The total funding and proportions quoted for groups of factors have been calculated based on the underlying unrounded figures. The secondary minimum per pupil factor value is based on a standard secondary school with five-year groups. The sparsity unit values correspond to the maximum a school can attract for these factors, and the split sites unit value to the maximum amount an additional site can attract through the basic eligibility and distance funding combined.

Section 2: The national funding formula for central school services

The central school services block in 2026 to 2027

29. The central school services block (CSSB) within the DSG provides funding for local authorities to deliver central functions on behalf of maintained schools and academies. The block will continue to consist of two elements: ongoing responsibilities and historic commitments. For the 2026 to 2027 financial year, the funding formula will remain unchanged from the 2025 to 2026 approach.

Ongoing responsibilities

30. The CSSB will continue to fund local authorities for the ongoing responsibilities they deliver for all pupils in maintained schools and academies. The total provisional funding for ongoing responsibilities is £379 million in 2026 to 2027. This includes funding for the rolling in of the centrally employed staff elements of both the SBSG and NICs grant into the CSSB for 2026 to 2027 – with the SBSG grant element recalculated on a full-year basis. Funding for ongoing responsibilities in the CSSB is calculated using a simple per pupil formula, the structure of which is unchanged from 2025 to 2026. 90% of the funding will be distributed through a basic per pupil factor, and 10% of the funding through a deprivation factor based on the proportion of pupils eligible for free school meals within the past six years (FSM6) in mainstream schools.

31. Local authorities will continue to be protected so that the maximum per pupil year-on-year reduction in funding for ongoing responsibilities is at -2.5%, while the year-on-year gains cap will be set at the highest affordable rate, of 2.13 %.

32. Further detail on the methodology used for the CSSB formula is set out in the [2026 to 2027 NFF CSSB technical note](#).

Historic commitments

33. A 20% reduction has been applied to historic commitments funding since 2020 to 2021. From 2026 to 2027 onwards, we will reduce historic commitment funding from the fixed baseline of 2025 to 2026 (rather than simply the baseline of the immediately preceding year, as previously).

34. We will continue to protect the elements of CSSB relating to prudential borrowing and termination of employment costs that were in place prior to April 2013. It is expected that this will continue to reduce year by year, as they conclude. It is the responsibility of local authorities to claim from the department for these costs, which will form part of the

DSG adjustment in March 2026. Further information on this process is included in the [schools operational guide](#).

35. It is our intention that the 20% reduction from the 2025 to 2026 baseline will mean that from April 2030 only residual protected historical commitment funding will continue to be funded. This is subject to reviews of funding in subsequent years.

36. Local authorities must not exceed the previous year's expenditure on these historic commitments. However, with the approval of the schools forum, an authority may sustain this level of spending by using alternative funding sources, should they choose to do so.

Section 3: High needs allocations

Allocations of high needs funding in 2026 to 2027

37. High needs funding supports children and young people with more complex special educational needs and disabilities (SEND) from ages 0 to 25 years. It also supports alternative provision (AP) for pupils of compulsory school age who, because they have been excluded or suspended, or because of illness or other reasons, cannot receive their education in mainstream or special schools.

38. The use of the high needs national funding formula (NFF) is being suspended for 2026 to 2027.

39. It is clear that the extent of the divergence between high needs NFF allocations and spending in different local authorities raises questions about aspects of this allocation methodology. The Department will therefore review the high needs funding system for future years, to ensure that it will properly support the reformed SEND system.

40. For financial year 2026 to 2027 the high needs block of each local authority's DSG is calculated on the basis of their DSG high needs block allocations for 2025 to 2026, and:

- additional funding equivalent to the funding allocated to local authorities in 2025 to 2026 through the consolidated Core Schools Budget Grant (CSBG), with the 2025 staff pay increase element of that grant annualised (whereas in 2025-26 this funding was to support settings with the part-year costs of the teachers' pay award), and
- additional funding equivalent to the funding allocated to mainstream schools for the elements of the 2025 to 2026 National Insurance Contributions (NICs) Grant and Schools Budget Support Grant (SBSG) paid in respect of special units and resourced provision. The SBSG element is annualised as above, for the same reasons.

41. For 2026 to 2027, the high needs funding allocations to local authorities will be published as part of the DSG allocations tables, with no separate allocations tables for high needs unlike in previous years. Details of the data used in the provisional high needs allocations are set out in the DSG technical note published alongside the [DSG allocations](#). Updates will be made to the DSG to reflect:

- the final allocations of the 2025 to 2026 DSG, CSBG, NICs grant and SBSG, when they have been published, and
- the import/export adjustment that reflects cross-border movement of pupils and students who live in the area of one local authority in England and receive their education from a school or college in another English authority's area, to ensure that the funding

system continues to reflect how local decisions on placements affect the distribution of costs.

42. In 2026 to 2027 the total amount of high needs funding is £12.2 billion, of which £12.0 billion is allocated to local authorities through the 2026 to 2027 allocations of high needs funding.

Local distribution of high needs funding

Mainstream schools' and colleges' SEND provision

43. Local authorities will be required to allocate specific extra high needs funding to those mainstream schools they maintain and academies (and free schools) in their area with SEN units and resourced provision, using a rate of £539 per place for the number of places funded. This funding is in addition to the usual funding of £6,000 or £10,000 per place, and continues the allocations in respect of SEN units and resourced provision made in 2025 to 2026 through the NICs grant and SBSG. Further information about how this funding must be allocated can be found in the high needs funding [operational guide](#), and the requirements will be set out in the [DSG conditions of grant for 2026 to 2027](#).

44. The School and Early Years Finance (England) Regulations for 2026 to 2027 will continue to allow local authorities to spend from their high needs budget in support of mainstream inclusion. Specifically, local authorities can incur expenditure and target funding for the purposes both of encouraging the education of children and young people with SEN at mainstream schools, and of collaboration between special and mainstream schools to enable those with SEN to engage in mainstream school activities.

Special and AP schools and post-16 institutions

45. To provide stability for specialist schools and colleges during this transition to a more inclusive mainstream system, in 2026 to 2027:

- special schools (maintained and academies), pupil referral units and AP academies will continue to be funded primarily through place funding at £10,000 per place, and top-up funding for the excess costs of provision, with the majority of that funding coming from local authorities' high needs budgets;
- special post-16 institutions, general FE colleges and other post-16 institutions will continue to receive £6,000 per place for high needs places, i.e. those places for students whose SEND support costs more than £6,000 per annum for whom the relevant local authority allocates high needs top-up funding for the costs in excess of £6,000;

- local authorities must continue to work with these schools and colleges to plan for the number of high needs places likely to be required in academic year 2026 to 2027, notifying the department of any changes from the 2025 to 2026 place numbers. Although in the case of academies and colleges the deadline for changes to be notified has now passed, there is an enquiry window in February which allows the department to be notified of agreed changes which were not agreed previously. Maintained school place numbers should be included in local authorities' annual section 251 budget return in the normal way.

46. In addition, we will be continuing to require local authorities to allocate specific extra high needs funding to special and AP schools (i.e. schools and pupil referral units they maintain and academies (and free schools) in their area), as follows:

- high needs funding previously allocated as separate teachers' pay and pensions grants but included within the DSG high needs block allocations from 2021-22 plus the additional DSG funding introduced in 2023 to 2024 following the 2022 autumn statement and passed on to schools as a 3.4% uplift;
- additional high needs funding allocated in 2025 to 2026 through the CSBG but included in the DSG from 2026 to 2027.

47. The allocation of this funding will be simplified, however, and passed on to schools as a single additional funding stream. Further information about how this additional funding is to be allocated can be found in the [high needs funding operational guide](#) which explains the requirements set out in the [DSG conditions of grant for 2026 to 2027](#).

48. We are also continuing the maintained special schools and special academies protection arrangements, known as the minimum funding guarantee (MFG), in 2026 to 2027, using the 2025 to 2026 allocations of place and top-up funding as the basis for the year-on-year calculation. For 2026 to 2027 the MFG calculation must exclude the additional funding streams referred to in paragraphs 46 and 47 above. The MFG for special schools is set at 0%, which means that the minimum a special school will receive from their local authority in 2026 to 2027 will be the same amount per pupil, on a like-for-like comparison with their pupil cohort in 2025 to 2026. Again, further guidance on this MFG protection is available in the high needs funding [operational guide](#).

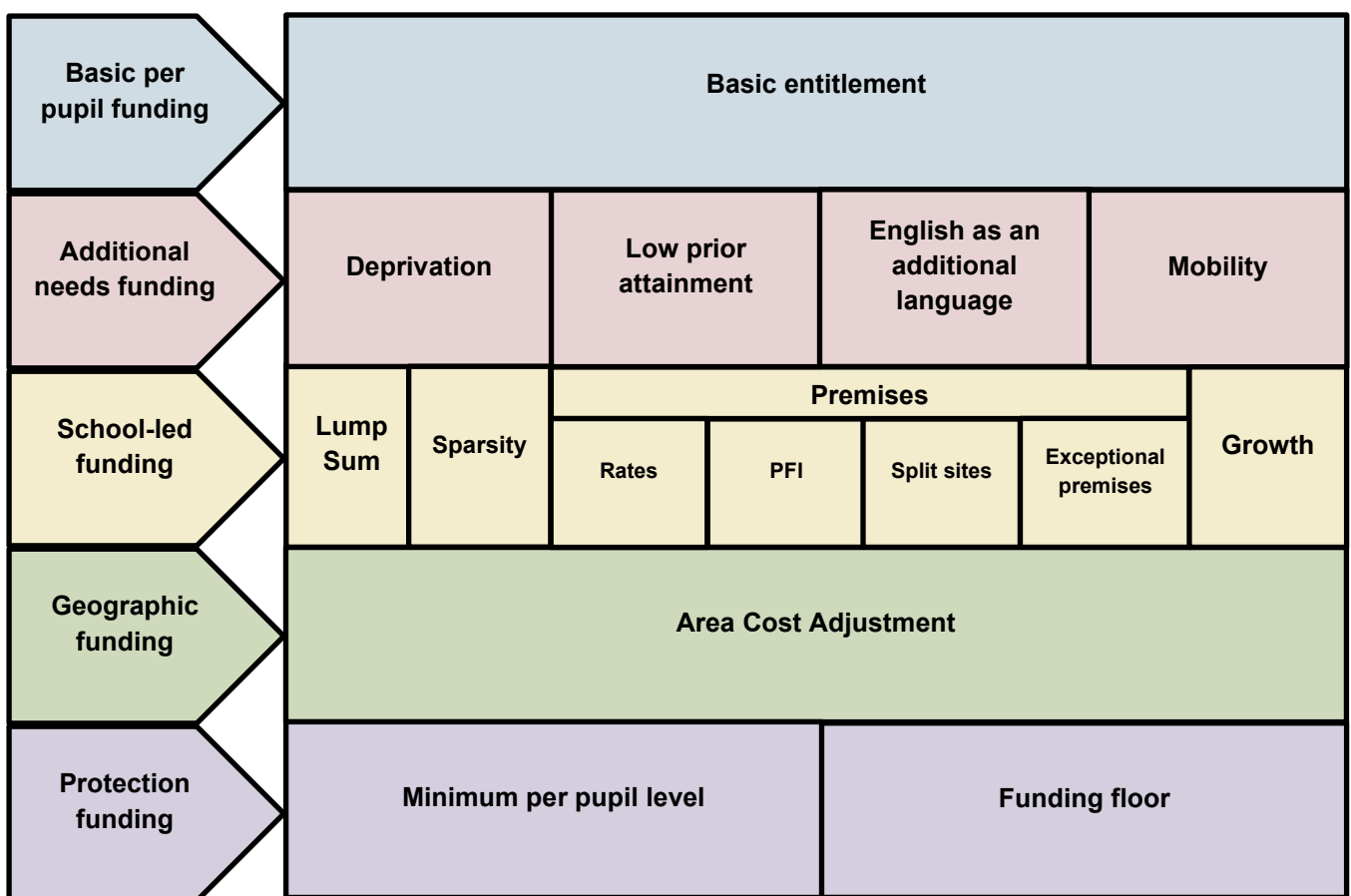
Annex A: The structure of the schools national funding formula

Overall design of the formula

1. We use the schools National Funding Formula (NFF) to calculate the core funding allocated to each local authority for 5 to 16-year-old pupils in mainstream schools. Local authorities then use their own formulae, within certain constraints, which determine the distribution of this funding to maintained schools and academies in their area.

2. The NFF is made up of 14 factors, as illustrated in the diagram below.

Figure 1: Current National Funding Formula Factors



3. The above figure, which is not to scale, illustrates the factors that are used when calculating schools' block DSG funding allocations through the NFF. "Growth" funding is included in this diagram – it is not a factor within the NFF, but is allocated to local authorities in the DSG allocations.

4. Approximately 92.4% of the school's NFF funding is allocated through 'pupil-led' factors. The 'pupil-led' factors are determined by pupil numbers and pupils' characteristics. Most of this funding is allocated through the basic entitlement factor,

which all pupils attract. The NFF allocates the rest of 'pupil-led' funding towards additional needs.

5. Evidence shows that pupils with additional needs are more likely to fall behind and need extra support to reach their full potential. This is why the NFF allocates 18.1% of all funding through additional needs factors based on deprivation, low prior attainment, English as an additional language and mobility.

6. Pupils attract funding for all the factors for which they are eligible. A pupil currently eligible for FSM attracts the amount provided through the FSM factor as well as the amount through the FSM6 factor. This also applies for children with any combination of multiple additional needs. That is not intended to imply that all such funding should be dedicated to the pupil who attracts it. An individual child who attracts deprivation funding, for example, may need more, or less, support than the sum that they attract in the NFF. Rather, these additional needs factors are predominantly "proxy" factors, using the overall incidence of particular pupil characteristics to identify how much additional funding a school is likely to need, in total.

7. 'School-led' funding is allocated through various factors according to a school's characteristics. In the 2026 to 2027 NFF, all schools attract a lump sum of £152,700. Small and remote schools attract additional support through the sparsity factor. Other school-led funding reflects costs associated with a school's premises and overheads through four separate factors: rates, split sites, private finance initiative (PFI) and exceptional circumstances.

8. An area cost adjustment (ACA) is applied as a multiplier to formula allocations to reflect higher costs in some parts of the country, due to differences in salary costs.

9. Finally, the formula offers two different forms of protection for schools:

- The minimum per pupil level guarantees a minimum amount of funding for every pupil. Any school whose formula allocation is below the minimum per pupil level attracts a top up to the minimum levels.
- The funding floor protects schools from sudden drops in their funding, by ensuring that no school attracts less pupil-led per pupil funding compared to the previous year's baseline.

10. The following sections give more detail on the design of the individual factors within the schools NFF.

Pupil-led factors

Basic entitlement

11. 74.1% of the schools NFF is allocated through the basic entitlement, which every pupil attracts. The amount varies by age. In the 2026 to 2027 NFF pupils in Reception to Year 6 attract £4,064; pupils in Year 7 to Year 9 attract £5,686 and pupils in Years 10 and 11 attract £6,410.

Additional needs factors

Deprivation

12. The NFF allocates 11.0% of all its funding to deprived pupils. Pupil deprivation is based on three deprivation measures – current Free School Meal (FSM) eligibility, FSM eligibility at any time in the last 6 years (“FSM6”), and the level of deprivation in the postcode where the pupil lives, which is measured using the Income Deprivation Affecting Children Index (IDACI).

Free School Meals

13. Schools attract £505 for all primary and secondary pupils who are recorded as eligible for free school meals (FSM), as set out in the eligibility criteria at [Free school meals: guidance for schools and local authorities - GOV.UK](#). This funding is broadly intended to cover the cost of providing free meals for each eligible pupil. As set out above, funding for free school meals of pupils eligible through the expanded entitlement from 2026 will be allocated through a separate grant.

FSM eligibility at any time in the last 6 years

14. All pupils who are recorded as eligible for free school meals, or who have been at any point in the last six years, attract funding through the “FSM6” factor. Schools attract £1,210 for each primary pupil and £1,725 for each secondary pupil eligible for FSM6 funding.

Income Deprivation Affecting Children Index

15. Income Deprivation Affecting Children Index (IDACI) funding is based on the IDACI 2019 area-based index measuring the relative deprivation of Lower-layer Super Output Areas (LSOAs). For the NFF, the IDACI ranks are divided into seven bands A to G, with A representing the most deprived areas and G the least deprived. Additional funding is targeted towards pupils in bands A-F, with more funding directed to pupils in the more deprived bands. The boundaries of these bands are based on the proportions of LSOAs (small areas) in each band and are defined by rank.

Table 4: The IDACI bands are set out in the table below

Band	A	B	C	D	E	F	G
Proportion of LSOAs in each band	2.5%	5%	5%	5%	10%	10%	62.5%
Primary unit value	£700	£530	£500	£455	£290	£240	£0
Secondary unit value	£970	£760	£710	£650	£460	£345	£0

16. Table 4 shows that 2.5 % of LSOAs are placed in IDACI band A which attracts the highest funding, 5% in IDACI band B attracting the second highest level of funding, and so forth. 62.5% of LSOAs are in band G which does not attract any additional funding.

Low Prior Attainment

17. We are allocating 5.8% of the NFF in respect to pupils with low prior attainment (LPA).

18. Primary school pupils who have not achieved the expected level of development in the Early Years Foundation Stage Profile assessment (EYFSP) and secondary pupils who have not achieved the expected standard in Key Stage 2 at reading, writing or maths attract £1,200 and £1,825 respectively.

English as an additional language

19. The pupils eligible to attract funding through the NFF English as an additional language (EAL) factor are those recorded as having entered state education in England during the last three years, and whose first language is not English. 1.1% of the NFF is allocated through the EAL factor.

20. Schools attract £610 for all EAL-eligible primary pupils, and £1,630 for all EAL-eligible secondary pupils.

Mobility

21. 0.2% of the total NFF funding is allocated in respect of pupils eligible for mobility funding. The mobility factor supports schools in which a significant proportion of pupils join the school part way through the year.

22. Pupils are considered mobile if they have joined the school in the academic year at a non-standard time within the past three years. Schools attract £985 per eligible

primary pupil, and £1,415 per eligible secondary pupil above a threshold of 6% of the school's pupil numbers (i.e., where more than 6% of a school's pupil are classified as mobile).

School-led factors

Lump Sum

23. Every school attracts a lump sum of £152,700 through the NFF irrespective of its size or phase. The total spend on the lump sum represents 6.2% of the NFF.

Sparsity funding

24. 0.2% of the NFF is allocated through the sparsity factor, for small and remote schools.

25. Eligibility for sparsity funding depends on the distance the pupils living closest to the school would have to travel to their next nearest compatible school, and the average number of pupils per year group.

26. A school is eligible for sparsity funding if:

a. For all the pupils for whom it is the nearest "compatible" school, the average distance (as measured by road) from the pupils' homes to the second nearest compatible school is above the relevant distance threshold. The main distance thresholds are 3 miles for secondary schools and 2 miles for all other schools, with the distance threshold taper set at 20% below each threshold (2.4 miles at secondary, 1.6 miles for other schools).

b. The average year group size is below the appropriate year group threshold. This threshold is 21.4 for primary schools, 69.2 for middle schools, 120 for secondary schools and 62.5 for all-through schools.

27. Primary schools qualifying for sparsity funding attract up to £58,600 and all other eligible schools up to £85,200.

28. Schools with a lower number of pupils attract a higher amount than those closer to the year group threshold. In addition, schools with a sparsity distance between the distance threshold taper and main distance threshold will attract some sparsity funding – tapered by both size and how far away from the main distance threshold they are. Of two schools of the same size, one closer to the main threshold would attract more. The distance threshold taper mitigates the risk of year-on-year fluctuations in sparsity eligibility having a significant impact on a school's sparsity funding.

Premises

29. The NFF allocates funding to reflect the costs associated with a school's premises and overheads.

Rates

30. For local accounting purposes, rates funding allocations will continue to feature in NFF allocation publications for all schools. From 2022 to 2023, the payment of business rates for local authorities whose billing authority or billing authorities are on the central payment system has been centralised, with the Department paying rates directly to billing authorities on behalf of schools. For local authorities whose billing authority or billing authorities are not on the central payment process, the Department will continue to allocate funding for business rates on a lagged basis, to enable schools to cover their liabilities.

PFI

31. In calculating a school's PFI funding, the lower of the local authority's 2025 to 2026 PFI premises factor and the school's PFI funding from the 2025 to 2026 NFF is taken as the baseline for calculating the 2026 to 2027 PFI factor. This baseline is then uplifted in line with the Retail Prices Index excluding mortgage interest payments (RPIX) growth.

32. For schools whose contracts are coming to an end during the 2026 to 2027 financial year, funding is calculated on a pro-rata basis for the part of the year when the contract is still in place.

33. Exceptions are made where the Department has approved applications for higher increases from local authorities. Such applications are subject to certain criteria being met and must be supported by an affordability model substantiating the amount claimed.

Split Sites

34. The split sites factor targets extra funding to schools which operate across more than one site. Schools attract a £55,100 lump sum payment for each of their additional eligible sites – up to a maximum of three sites.

35. In addition, schools whose sites are separated by more than 100 meters attract split site distance funding. The distance funding varies depending on how far apart the sites are, up to a maximum of £27,600 for sites which are at least 500 meters away from the main site. Where a school has more than three sites, the three sites being furthest away from the main site are used to calculate the funding.

Exceptional Circumstances

36. The exceptional circumstances factor is included in the formula so that, where local authorities have had approval from the Department to direct additional funding to a

small number of schools with significant additional costs, this is taken into account when determining their funding. Local authorities receive funding for this factor on the basis of their spend in the previous year.

Geographic funding

Area Cost Adjustment

37. The area cost adjustment (ACA) in the schools NFF reflects variations in labour market costs across the country by taking into account the general labour market trends and the particular salary variations in the teaching workforce.

38. It is a combination of:

- a) A teacher pay cost adjustment, to reflect the differences in the basic pay ranges between the four regional pay bands for teachers and
- b) A general labour market (GLM) cost adjustment, to reflect geographical variation in wage costs for non-teaching staff.

39. The NFF's ACA is calculated for each local authority by:

- a) Weighting the relevant teacher-specific cost adjustment in line with the national proportion of spend on teaching staff in mainstream schools (51.74%).
- b) Weighting the relevant GLM labour cost adjustment in line with the national proportion of spend on non-teaching staff in mainstream schools (28.85%).

40. Nationally the schools block ACA ranges between 1.00 and 1.18. Some local authorities – those that are partly in 'London Fringe' areas – have one ACA for schools in the fringe part of the authority, and a different ACA for the schools in the non-fringe area.

Protective elements of the NFF

Minimum per pupil levels

41. The minimum per pupil level (MPPL) guarantees a minimum amount of funding for every pupil. Any school whose formula allocation is below the MPPL attracts a top up to the minimum levels.

42. The MPPL varies from school to school depending on the year groups they have. The unit values per year group are £5,115 for primary year groups, £6,388 for KS3 and £7,018 for KS4. Each school's MPPL is calculated as a weighted average of the number of year groups they have.

43. This means that the MPPL is £5,115 for primary schools, and £6,640 for secondary schools with year groups 7 to 11. For middle schools and all-through schools, an MPPL is set based on the specific year groups that they educate.

44. The MPPL values are compulsory in local authority funding formulae, which determine actual funding allocations for maintained schools and academies. Academy trusts have flexibilities over how the funding they are allocated in respect of their individual academies is then distributed across academies in their trust.

45. This means that, in some cases, an academy could receive a lower per pupil funding amount than the MPPL value. This may reflect, for example, activities that are paid for by the trust centrally, rather than by individual academies.

The funding floor

46. The funding floor ensures that a school's funding is protected year-on-year, preventing schools from seeing sudden drops in their funding even where the core formula factors indicate that their funding would otherwise be lower.

47. In 2026 to 2027, the floor is set at 0%. This ensures that no school will see a drop in the amount of pupil-led per pupil funding they attract, compared to the 2025 to 2026 baseline.

48. Local authority funding formulae must include a minimum funding guarantee (MFG) that works in a similar way to the funding floor. In 2026 to 2027, the MFG can be set between 0 % and -0.5%. Further guidance on how the MFG works can be found in the [schools operational guide: 2026 to 2027](#).

Growth funding

49. In addition to the funding allocated through the schools NFF formula factors described above, we also provide growth funding to local authorities to manage increases in pupil numbers. School funding operates on a lagged funding basis whereby schools receive funding in a given year based on pupil numbers from the year before. Local authorities can use the growth funding they are allocated to support schools to manage an increase in pupil numbers before the lagged funding system has caught up.

50. Growth funding is distributed based on the actual growth that local authorities experience for each year. It is based on the observed differences between the primary and secondary number on roll in each local authority between the most recent October school census, and the census in the previous October.

Local authorities' growth funds 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 cost of new schools

51. Local authorities must continue to provide growth funding where a school or academy has agreed with the local authority to provide an extra class in order to meet basic need in the area (either as a bulge class or as an ongoing commitment).

52. Local authorities have to provide funding that is at least that calculated through using the following formula:

Primary Growth Factor value (£1,570) * Number of Pupils * ACA

53. Funding for maintained schools is provided to cover the period from September to March before the lagged funding system 'catches up' from the subsequent April through the subsequent year's NFF. Since academies are funded on an academic year basis, they would receive additional funding (at a rate of an additional 5/7 of the allocation) to cover a full year's growth funding before the system 'catches up'.

Falling rolls funding

54. Alongside growth funding, we also allocate funding to local authorities on the basis of falling rolls.

55. Falling rolls funding is distributed on the basis of the reduction in pupil numbers that local authorities experience for each year. It is based on the observed differences between the primary and secondary number on roll in each local authority between the most recent October school census, and the census in the previous October.

56. Local authorities will continue to have discretion over whether or not to operate a falling rolls fund within their local formulae. Where local authorities operate a falling rolls fund, they will only be able to provide funding where the most recent school capacity data (SCAP) shows that school places will be required in 2026 to 2027 and/or the subsequent two years.

Annex B: The high needs allocations methodology

Overall design of the allocations methodology

1. The high needs national funding formula (NFF), used to calculate allocations of the high needs block of the Dedicated Schools Grant (DSG) from 2018 to 2019 to 2025 to 2026, is not being used for the calculations of high needs funding allocations for the 2026 to 2027 financial year. The import/export adjustment used in the NFF will, however, continue to be used, and updated with 2026 data in the same way as in previous years.

2. Instead of using the NFF, allocations are based on the 2025 to 2026 DSG allocations, as published in November 2025. These allocations are taken before deductions are made for high needs places in mainstream academies with sixth forms, academies with special educational needs (SEN) units and resourced provision, special and alternative provision (AP) academies, special and AP free schools, further education (FE) and independent learning providers (ILPs).

3. The provisional 2026 to 2027 allocations also include funding equivalent to that received via grants in the 2025 to 2026 financial year:

- a. the 2025 to 2026 Core Schools Budget Grant (CSBG) which incorporated:
 - i. 2024 to 2025 teachers' pay additional grant (TPAG)
 - ii. 2024 to 2025 teacher pensions employer contributions grant (TPECG)
 - iii. 2024 to 2025 core schools budget grant
 - iv. funding for the increase in national insurance contributions from April 2025
 - v. funding for 2025 staff pay increases, which is converted into an annual amount.
- b. the additional funding for special units and resourced provision in mainstream schools paid in 2025 to 2026 as part of the National Insurance Contributions Grant (NICG) and Schools Budget Support Grant (SBSG) – with the latter also converted into an annual amount, as above. This element of the allocations will be updated to reflect the number of places in special units and resourced provision for 2026 to 2027.

4. Further details on how the provisional high needs allocations are calculated are published in the [DSG technical note](#).

Import/export adjustment

5. Local authorities face higher costs if they attract more pupils and students with high needs who live outside the local authority area into the school and college places that they fund (i.e. 'imports'). Conversely, authorities that 'export' pupils and students to other school and college places in other local authorities face lower costs. This is because the costs of place funding are borne by the local authority where the setting is located.

6. The import/export adjustment reflects these differences in costs. It uses school census and individualised learner record (ILR) data on pupils and students who attract top-up funding. The calculation makes a comparison of the numbers occupying places in schools and colleges in the local authority area, for which that authority bears the cost of the places or core funding, and those for whom the authority pays top-up funding wherever they receive their education. Where those two numbers are in balance the costs are neutral and therefore no adjustment is required to the funding allocations. Where there are more imports than exports, or vice versa, a positive or negative adjustment is made, using a unit value of £6,000.

7. In the import/export adjustment calculation the Department is treated as the local authority responsible for the place funding for all non-maintained special schools and special post-16 institutions.

Annex C: Equalities Impact Assessment

1. The Public Sector Equality Duty (PSED) in section 149 of the Equality Act 2010 requires the Secretary of State to give due regard to achieving the following objectives in exercising their functions:

- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

2. We have considered the impact on persons who share any of the protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, sexual orientation. We have focused on those protected characteristics for which the impact is largest, and which are most closely tied to the distributional policy choices we are making. We use incidence of SEND as a proxy for disability in this analysis, as the two are highly correlated, and ethnicity as a proxy for race.

3. The NFFs were introduced in 2018 to 2019 after significant consultation and a full equalities impact assessment was published at that time. The design of the NFFs stays largely unchanged, and so we have focused this assessment primarily on the key policy changes that are being made in 2026 to 2027.

Schools NFF

Increases to factor values and the rolling in of grants into the schools NFF

4. Increases to the NFF factor values mean that all schools which are funded through the main formula factors (that is all schools except those funded through the minimum per pupil levels or the floor) will attract more funding in 2026 to 2027 than they would have done without an increase.

5. We are rolling the SBSG and NICs grant into the schools NFF in such a way that the added NFF funding schools and local authorities receive is as similar as possible to the funding they would receive if the grants were not rolled in. The method for rolling in the grants will therefore be expected to have a neutral impact on equalities.

6. As a result of the rolling in of the grants, different NFF factors are being increased by different amounts. The FSM6 factor is increasing the most (in percentage terms), followed by the basic entitlement and the lump sum. Other additional needs factors are

increasing by a lower proportion than the FSM6 factor, since the previous grants used FSM6 as a proxy for additional needs more widely.

7. The exact impact on pupils and schools will depend on the local formulae, but on average:

a) The FSM6 factor value is increasing by a higher proportion than other factors, and as a result, the proportion of funding allocated through the FSM6 factor in the schools NFF is increasing. This will tend to have a positive impact on equalities as there is a positive correlation between pupils attracting FSM6 funding and pupils with SEND.

b) The low prior attainment (LPA) factor, IDACI factor, and English as an additional language (EAL) factor will also rise by 2.11% compared to their 2025 to 2026 values.

c) As there is a positive correlation between pupils attracting these factors and pupils with SEND and certain ethnic minorities, this will tend to have a positive impact on equalities compared to if no increase had been made, or if these factors were increased by a lower percentage.

d) The funding floor is set at 0% for 2026 to 2027, as in the previous year. Schools funded through the funding floor tend to be in urban areas and have a higher proportion of pupils from ethnic minority backgrounds because these areas are more ethnically diverse. They also have a higher occurrence of non-Christian faith schools. While these schools will see lower-than-average increases in funding in 2026 to 2027, they still have higher than average levels of funding. The lower-than-average funding increase for these schools is therefore necessary to overcome historic discrepancies in funding and ensure that funding is distributed fairly based on pupil needs and characteristics, including by ensuring that funding can be fairly directed to areas seeing relative increases in levels of deprivation and other additional needs.

8. Overall, we expect the equalities impact of the increases to the 2026 to 2027 schools NFF factor values to be positive, in comparison with the 2025 to 2026 NFF. Additional needs factors in the NFF are increasing by a higher percentage in 2026 to 2027 than in 2025 to 2026 – which will tend to have positive impact on pupils with disabilities - while the funding floor remains at the same level as in 2025 to 2026.

Tightening of local formula rules

9. Local authorities are still required to bring their funding formulae closer to the National Funding Formula (NFF), using the same approach as previously used.

10. Most local authorities already mirror the NFF, so the tightening requirements for 2026 to 2027 will only affect the minority of local authorities who do not currently mirror the NFF in their local formula.

11. Our expectation is that moving local formulae closer to the NFF will create a fairer and more consistent distribution of funding that is more closely aligned to need. However, the exact impact will depend on how local authorities respond to the tightening requirements, and how they use their remaining formula flexibilities.

Central School Services Block NFF

12. The formula that allocates the central school services block funding is unchanged for 2026 to 2027; we do not expect this to have an impact on different groups of pupils, including those with protected characteristics.

13. We will continue to reduce the funding for historical commitments by 20%, while keeping the protections for prudential borrowing and staff termination costs relating to commitments made before April 2013. This funding has been reducing since 2020 to 2021, and so we judge that local authorities have adequate time to mitigate any negative impacts in terms of equalities.

High needs allocations methodology

14. We have considered the impact of the high needs funding distribution on children and young people who share any of the protected characteristics. We have focused particularly on those with disabilities, given the significant overlap with children and young people with special educational needs and disabilities (SEND) and because high needs funding is mainly for supporting those with the more complex SEN.

15. In 2026 to 2027 local authorities' high needs funding allocations will be based on their 2025 to 2026 allocations, with no uplift applied. When the Schools White Paper is published in early 2026, further details on reform of the SEND system will be announced.

16. As the existing SEND system will continue for 2026 to 2027, the Department's assessment is that limiting the funding in this way will not necessarily translate into negative impacts on children and young people with SEND and will not mean that we see negative equalities impacts. This is because the requirements on local authorities to secure provision to meet the needs of children and young people with SEND will remain in place, and local authorities must meet these requirements. The consequent budget pressures will therefore lead to accruing DSG deficits rather than having a negative impact on SEND provision.

17. We recognise that the size of deficits that some local authorities may accrue while the statutory override is in place may not be manageable with local resources alone, and will bring forward arrangements to assist with them as part of broader SEND reform plans, as explained in the Government's provisional local government finance settlement document. Given that local authorities will continue to be protected from the adverse impact of those deficits through the so-called "statutory override", and because we are

seeking to protect school level allocations of high needs funding through the conditions of grant attached to the DSG, we do not envisage any adverse impact on those children and young people with protected characteristics, including those with disabilities.

18. Basing 2026 to 2027 high needs funding allocations on 2025 to 2026 allocations also means that, within the overall core schools budget envelope, we can maximise the funding uplift through the schools NFF. As set out above, this is expected to have a positive equalities impact – and supports mainstream schools in being inclusive for pupils with SEND.

Overall impact

19. Our assessment is that the distribution of the available funding for mainstream schools and local authorities in 2026 to 2027 will, compared with the 2025 to 2026 NFFs, not have an overall adverse impact on mainstream school pupils with protected characteristics, and have a positive impact on those children and young people identified as having SEND (which includes those with disabilities).

20. The allocation of funding in 2026 to 2027 means a larger increase in additional needs factors within the schools NFF compared to the previous year. This will tend to benefit pupils with SEND (including those with disabilities), and will support mainstream schools to be inclusive for pupils with SEND.

21. In comparison, high needs funding allocations are seeing a much smaller increase compared to previous years – but given statutory requirements on local authorities, we do not assume that this will translate to a reduction in provision for pupils with SEND.



Department
for Education

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