

School and Nursery Budgets 2025-26 Notes of Guidance



Derby City Council

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Background

For 2025/26 Derby benefits from the national funding settlement received with almost £20.7899 million of growth in the Schools Block and £4.6 million in the High Needs Block. In Derby we continue to fully implement the National Funding Formula meaning schools in Derby continue to be funded above the levels national policy has determined, this is great news for all our schools. DSG allocations are based on the financial year rather than the academic year. Government and Local Authority budgets operate on a financial year basis (April to March). Aligning school budgets with this cycle ensures consistency and facilitates smoother financial planning and allocation processes whilst aligning with cabinet ratification.

The Dedicated Schools Grant for Derby is split into four blocks: Schools Block, Early Years Block, High Needs Block and Central School Services Block. Blocks have been ring fenced since 2018/19, Local Authorities can transfer 0.5% of their school's block funding to another block with School Forum agreement. Block transfers above 0.5% need School Forum and Secretary of State Approval. The High Needs Block remains under considerable financial pressure. In consultation with all schools, Schools Forum have agreed a transfer 0.5% (£1.334m) from the Schools Block into the High Needs Block to further ease the pressures reported within the High Needs Block after the Council contribution toward HN transformation of £1m for both 22-23 and 23-24 financial year.

A 7.8% increase has been applied to the Minimum funding levels per pupil, set as part of the NFF. For 2025-26 primary schools are at least **£4,955** per pupil and secondary school at least **£6,495** per pupil. These values are mandatory and must feature at a local level. **The significant increase is partly related to the mainstreaming of the three grants into the funding base.** This means that instead of schools receiving these grants as additional separate payments, the money is included within the overall funding calculation. Such a process simplifies the funding process by introducing a formulaic calculation giving consistency and transparency. The table below demonstrates those factors that have been impacted through the mainstreaming of these grant. Funding allocations will be based on the date of the pupil numbers used to calculate the transfers, a lag in any actual pupil numbers will affect the outcome.



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

Factor	TPAG	TPECG	CSBG	CSBG uplift	Total
Primary basic per-pupil	£62	£75	£76	£51	£264
KS3 basic per-pupil	£86	£106	£108	£71	£371
KS4 basic per-pupil	£98	£119	£122	£80	£419
Primary FSM6 per-pupil	£53	£65	£70	£45	£233
Secondary FSM6 per-pupil	£77	£100	£100	£68	£345
Lump sum	£2,306	£2,800	£2,900	£1,915	£9,921

The table below shows the amounts added to the minimum per pupil levels in respect of the grants. It shows both the uplift made to reflect the amount of funding allocated through the grants in 2024 to 2025, as well as the additional amount added for the "CSBG uplift" – to ensure that the full twelve months of salary costs are fully funded at a national level in 2025 to 2026.

Table 2: Minimum per pupil (MPPL) funding uplifts

	Uplifts for 2024-25 TPAG, TPECG and CSBG	Additional CSBG uplifts
Primary MPPL	£257	£62
Secondary MPPL	£350	£83

DfE Factor values have been increased to take account of the rolling in of these grants (and the CSBG uplift), with additional uplifts applied on top of that. The floor is "cash flat" at 0%, after taking account of the funding that schools received through TPAG, TPECG, and CSBG in 2024 to 2025, and the CSBG uplift.

Mechanisms permissible in the NFF to ensure there is equity amongst schools and funding is fairly distributed are as follows:

- **Minimum Funding Guarantee (MFG)** The Minimum Funding Guarantee (MFG) is a mechanism used in the school funding formula to ensure that schools do not experience a significant reduction in their per-pupil funding year-on-year.
- **Minimum Funding Levels (MFL)** - The Minimum Funding Level (MFL) refers to the guaranteed minimum amount of funding that a school will receive per pupil. This is designed to ensure that all schools have a baseline level of funding to meet essential educational needs, regardless of their specific circumstances or the characteristics of their pupils.
- **Capping and Scaling** - Capping is applying a maximum percentage of year-on-year funding gain. Scaling is applied to the cap to scale back its impact. It is important to note that capping and scaling is not a reduction in school funding but a limit on the amount of year-on-year funding gain available to an individual school. Irrespective of the capping and scaling mechanism all schools will receive the funding guarantees set within the 2025-26 NFF, will receive an



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increase in per pupil funding and will receive all the funding the DfE have provided for the NFF.

The Minimum Funding Guarantee (MFG) has been set at 0.0% (per pupil protection), which operates to protect the per pupil funding protection. **Derby's average per pupil continues to increase a real positive for Derby's school's. The per pupil increase within the school block is 8.3% with an overall 8.45% increase in Derby's School's. Notwithstanding the mainstreaming of the 3 grants Derby's per pupil amount is on average 16.8% greater than the MFL set for primary and on average 16.1% for secondary pupils, with some schools receiving 30% above the MFL. No Derby schools are set to receive the basic MFL as stated by the DfE.**

Derby has been able to fully introduce the National Funding Formula throughout all the factors in the Schools' Budget however to enable the ongoing affordability schools to have been capped above 0.54% per pupil increase and scaling back of 83.4%. Schools need to be mindful that the MFL overrides any cap that takes a school below MFL, with the 0.54% cap only applying to those schools already above the minimum funding levels.



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Formula Funding – Schools Block

Derby has been able to fully introduce the National Funding Formula rates in 2025/26 which is an extremely positive position for Derby.

Derby is only using NFF funding factors described below:

Basic Entitlement - Age Weighted Pupil Funding (AWPU)

The funding regulations state that there should be a single unit value for primary aged pupils and a single unit value for each of Key Stage 3 and Key Stage 4. The AWPU rates detailed below:

	AWPU 2024/25	AWPU 2025/26
Primary Pupils	£3,562	£3,847
Secondary KS3 Pupils	£5,022	£5,422
Secondary KS4 Pupils	£5,611	£6,113

Post 16 pupils are being funded separately through the sixth form programme funding directly from the Education and Skills Funding Agency (ESFA).

A technical change in place funding which came into effect in 2018/19 remains, the change transferred ERS element 1 funding (AWPU) from the High Needs Block to the Schools Block, which means the number on roll includes high needs places within Enhanced Resource Units.

Education Funding Agency Allocations for Sixth Form pupils

The sixth form budget allocations are not included.

Pupil Numbers

All formula calculations are based on actual pupil numbers as at October 2024 school census.

Growth Fund allocations

Schools with additional permanent classes established for basic need and agreed with the Council, the number on roll (NOR) have been amended to reflect the extra children. In these instances, the school will **not** receive growth funding as the NOR has been increased.



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The Growth Fund criteria continues to follow DfE guidelines.–[Growth Fund and Pupil Numbers on Roll Adjustments \(derby.gov.uk\)](https://www.derby.gov.uk/growth-fund-and-pupil-numbers-on-roll-adjustments)

Minimum funding level per pupil

The minimum funding level per pupil is set by the DfE at £4,955 for primary and £6,495 for secondary aged pupils. Additional funding through this factor is shown on the Minimum Funding level per pupil/MFG/Capping line on the School Block Funding Budget. MFG has been set at 0 %, Capping is set at 0.54% and scaling at 83.4%.

Deprivation

This factor is to recognise the additional cost of deprivation. To target funding in this way, we have used a combination of measures; Income Deprivation Affecting Children (IDACI), Current Free School Meals and Free School Meals Ever 6 which is a pupil premium indicator.

Prior Attainment

The prior attainment factor acts as a proxy indicator for low level, high incidence, special educational needs. Low prior attainment funding will be allocated to all pupils identified as not reaching the expected standard at the previous phase, regardless of their year group. It does not only apply to those pupils in their first year of schooling. The following is used:

- primary pupils identified as not achieving the expected level of development in the early years foundation stage profile (EYFSP)
- secondary pupils not reaching the expected standard in KS2 at either reading or writing or maths.

English as an Additional Language

EAL pupils may attract funding for a maximum of 3 years after the pupil enters the statutory age school system.

Pupil Mobility

Pupil mobility will be allocated to schools with a high proportion of pupils with an entry date in the last 3 years which is not typical (for example, pupil recorded in January or May census). The threshold for individual schools to trigger this is 6% of their pupil cohort being defined as 'mobile'; defined as pupils entering school outside of the 'normal' admission date.



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Lump Sum

The primary and secondary lump sum is £145,100.

Split Sites

This factor allows funding to be directed to schools with split sites, to reflect the costs of operating on split sites.

Rates

2025-26 sees Derby Non-domestic rates of £1.5m to continue to be paid by the DfE directly on behalf of all Derby City Schools, note that budget allocations will show the NNDR value for information only.

PFI Contract Costs

This factor allows funding to be directed to schools with PFI contract costs as they represent an additional and unavoidable cost to schools. The schools concerned will pay the PFI factor allocation back to the local authority and must not allocate this for any other purpose.

National Funding Formula Factor Value

	Amount per pupil 2024/25	Amount per pupil 2025/26
Basic Entitlement Age Weighted Pupil Unit (AWPU)		
Primary (Years R-6)	£3,562	£3,847
Key Stage 3 (Years 7-9)	£5,022	£5,422
Key Stage 4 (Years 10-11)	£5,661	£6,113
Deprivation		
Primary amounts		
FSM	£490	£495
FSM6	£820	£1,060
IDACI Band F	£235	£235
IDACI Band E	£285	£285



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IDACI Band D	£445	£445
IDACI Band C	£485	£490
IDACI Band B	£515	£520
IDACI Band A	£680	£685
Secondary amounts		
FSM	£490	£495
FSM6	£1,200	£1,555
IDACI Band F	£340	£340
IDACI Band E	£450	£450
IDACI Band D	£630	£635
IDACI Band C	£690	£695
IDACI Band B	£740	£745
IDACI Band A	£945	£950
English as an Additional Language (EAL)		
EAL 3 Primary	£590	£595
EAL 3 Secondary	£1,585	£1,595
Mobility		
Pupils starting school outside of normal entry dates		
Primary	£960	£965
Secondary	£1,380	£1,385
Prior attainment		
Primary Low Attainment	£1,170	£1,175
Secondary low attainment (year 7 to year 11)	£1,775	£1,785
Lump Sum		
Primary	£134,400	£145,100
Secondary	£134,400	£145,100

De-Delegation

Where maintained schools have collectively agreed that they can be provided centrally, budgets have been de-delegated and returned to the local authority.



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De-delegation is not an option for academies, special schools, nurseries or PRUs however academies can access Trade Union (TU) duties recharges on a buy back basis.

Notional SEN

In accordance with the High Needs Operational Guidance the local authority is expected to continue to assess schools where there is any potential for notional SEN budget to not be sufficient to meet commitments to element 2 funding. Schools should, within their management processes, consider how their SEN notional budget is fully deployed to support pupils within the mainstream school environment. From 2025-26 the DfE is recommending an annual review of the school block notional funding, to aid this in 2025 to 2026 the DfE are (for the first time) undertaking a checks as part of the authority proforma tool (APT) whereby a school's notional SEN budget provides at least £1,800 per pupil identified as on SEN support, having deducted £6,000 per pupil for whom the school receives top-up funding. The DfE recognises that there is currently no national approach to the calculation of schools' notional budget for pupils with SEN through the NFF, however an increase in eligible pupils for SEN support will not trigger any additional funding but may require a rebasing of the factors chosen locally which support the notional SEN calculation.

Derby must consider the affordability of the NFF across all Derby City's schools and the impact based on a per pupil amount, this upholds the principle of each child benefiting from the maximum amount of school budget delegated to each individual school regardless of school status. Within the overall affordability notional SEN budgets must be considered. Derby has, for the first time checked the amount of notional SEN schools receive within their budgets against the children registered for both SEN support and EHCP (as per census data). Notional SEN tables were presented to School's Forum on 4th February 2024 the table highlights the good position in Derby whereby the majority of schools receive favourable notional budgets as part of their allocations indicating the factors chosen many years ago to identify notional SEN budgets remain current and appropriate. [Schools' forum - Derby City Council](#)



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Formula Funding - Early Years Block

Allocations were announced 18th December 2024 based on hourly rate allocation to LAs of which all funding entitlements were to be paid from. The LA's allocation is calculated on an hourly rate for 2025-26, those amounts are those allocated at an authority level, not the amounts awarded to providers. The average increase paid to LAs is **3.47%**

Early Years Funding has seen a significant increase due to the continued roll out of the extended childcare as set out in the 2024-25 budget including the following expectations.

- the 15 hours entitlement for eligible working parents of children from 9 months up to 2 years old (due to be extended to 30 hours from 1 September 2025)
- the 15 hours entitlement for eligible working parents of 2-year-old children (due to be extended to 30 hours from 1 September 2025)
- the 15 hours entitlement for families of 2-year-olds receiving additional support (formerly known as the 2-year-old disadvantaged entitlement)
- the universal 15 hours entitlement for all 3 and 4-year-olds, with additional 15 hours entitlement for eligible working parents of 3 and 4-year-olds
- maintained nursery school supplementary funding for 3 and 4-year-olds.
- the disability access fund for eligible children accessing the early years entitlements.
- the early years pupil premium for eligible children and looked after children accessing the early years entitlements.

For 2025 to 2026 the pass-through rate, which is the minimum amount of funding local authorities pass through to providers, is being increased from 95% to 96%. Since local authorities can target their funding (they don't have to pay the same rate per hour to every provider in their area), individual providers may receive more or less than 96% of the funding rate that DfE is providing to their local authority.

The 96% includes:

- the universal hourly base rate, which is paid to all providers.
- supplements for deprivation, rurality or sparsity, flexibility, quality and EAL (although this extra money cannot be more than 12% of the total funding to providers). These are paid based on providers meeting certain eligibility criteria.



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- special educational needs inclusion fund (SENIF), which should be targeted at children with lower level or emerging special educational needs (SEN)
- contingency funding, which is extra money set aside for changes in the number of children taking up the entitlements throughout the year.

Local authorities can retain up to 4% to fund centrally retained responsibilities.

The main principles adopted by Derby City for allocating funding to providers is as follows,

- Passport maximum affordable funding as a priority to all qualifying providers.
- Create inclusion funds for all age ranges in line with DfE guidelines.
- Passport as directed both Disability Access Fund and Pupil Premium
- Top slice for each category to provide support for children with additional and emerging special educational needs, improving school readiness and a positive transition into primary school. This will be additional to the EYIF funded through the High Needs Block.

Derby's position with regard to funding is ensuring all providers gain the maximum amount affordable on their base hourly rates. Derby has additional factors for deprivation and English as an additional language within the 3 and 4 year old formula .Being mindful of the challenges that providers face when presented with commitments such as the minimum wage and additional salary on-costs, Derby has taken the decision to only topslice 3% of the EY allocation , not the permissible 4%, ensuring a pass-through rate of 97%. SEN inclusion fund whilst spanning all age ranges is primarily funded through the HNB at a value of £0.45m allowing the maximum amount of EY funding to reach all EY providers. The the base hourly rate paid to providers has increased, the decision by the LA to not maximise the topslice percentage (to enact 3% topslice instead of the permissible 4%) has allowed for a greater average percentage increase at **4.64%**

Three-and-four-year-old funding

The national formula will allocate funding for three-and-four-year-olds; both universal 15-hour entitlement and the 30-hour extended entitlement for children of working parents. Both universal and extended entitlement funding will remain participation based and built into the 25/26 budget. For 2025-26 the DfE continue to support standalone maintained nurseries. The funding will be paid through a lump sum basis and an increased hourly rate paid on the universal hours only for those who are eligible. The annual budget for early year's providers and mainstream settings for three-and-four-year-olds has been calculated using hours estimated for each provider



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adjusted for reasonableness and past hour trends. Hourly rate has increased by 5.14%. Budgets are adjusted in year for all providers.

Hourly Rates for 3-and-4-year-old funding		
	Hourly Rates	
	2024-25	2025-26
Base Rate	£5.25	£5.52
Deprivation Funding (IMD)	£0.20/£0.60	£0.20/£0.60
English as an Additional Language (EAL)	£0.20	£0.20
Supp. Stand Alone Nursery Funding	£3.27	£4.04

2-year-old additional support previously Disadvantage Funding (Derby's Flying Starts)

Hourly Rates for all sectors have increased by 5.06%. The funding will be paid to provides based on actual uptake.

Hourly Rates for 2-year-old Disadvantage funding		
	Hourly Rates	
	2024-25	2025-26
Base Rate	£7.71	£8.10

2-year-old working parents Funding

Hourly Rates for all sectors have increased by 5.06%. The funding will be paid to provides based on actual uptake.

Hourly Rates for 2-year-old Working Parents funding		
	Hourly Rates	
	2024-25	2025-26
Base Rate	£7.71	£8.10

9 months to 23 months working parents Funding.

Hourly Rates for all sectors have increased by 3.3%. The funding will be paid to provides based on actual uptake.

Hourly Rates for 9 months to 23 months working parents Funding		
	Hourly Rates	
	2024-25	2025-26
Base Rate	£10.80	£11.16

Early Years additional information



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As part of the EY NFF, the following has been implemented:

- To establish an SEN inclusion fund to support children with additional needs across all settings.
- Disability Access Fund. This supports early year's providers to make initial reasonable adjustments and build the capacity within their setting to support disabled children. Providers will receive additional funding for children in their setting in receipt of Disability Living Allowance (DLA) and every child eligible is entitled to £938 per year (one payment per year to the first provider only).



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Formula Funding - High Needs Block

Specialist providers including Special Schools and Enhanced Resource provisions in mainstream schools, continue to be funded based on actual pupil numbers with a base level of funding to offer some stability.

The DfE announced the national increase in high needs funding, between 2024 to 2025 and 2025 to 2026, to be almost £1 billion, high needs funding will total £11.9 billion, including a continuation of the 2024 to 2025 teachers' pay and pensions grants (TPAG and TPECG) and the 2024 to 2025 core schools budget grant (CSBG). These separate grants will be paid as a single CSBG for special schools and alternative for 2025 to 2026, rather than (as they are for mainstream schools) being rolled into the NFF and paid through the DSG. This funding will help local authorities, schools and colleges with the increasing costs of supporting children and young people with SEND. The DfE announced that the basic structure of the high needs NFF for 2025 to 2026 is not changing, as the Government is wanting to take time to carefully consider what changes are needed, both to make sure that they establish a fair education funding system that directs funding to where it is needed, and to support the SEND that will be taken forward.

Legacy additional funding from the 2022 Autumn statement remains and not to be confused with the grants above. Distribution will be as directed by the HNB guidance.

The DfE are also continuing the maintained special schools and special academies protection arrangements (known as the minimum funding guarantee or MFG) in 2025 to 2026, using the 2024 to 2025 allocations of place and top-up funding as the basis for the year-on-year calculation, and continuing to exclude the additional funding streams referred to above. The MFG for special schools is set at 0% (the upper end of the range of the mainstream schools' MFG), which means that the minimum a special school will receive from their local authority in 2025 to 2026 will be the same amount per pupil, on a like-for-like comparison with their pupil cohort in 2024 to 2025. Any exceptional needs funding agreed for specific circumstances in 2024-25 is not part of the MFG calculation.

Since 2018-19 local authorities are able to transfer up to 0.5% of the gross Schools Block to High Needs, following consultation with schools and the approval of the School's Forum. Should the Schools Forum not approve a transfer approval can be sought from the Secretary of State. A transfer of greater than 0.5% of the gross Schools Block can only be made with the approval of the Secretary of State. There are no restrictions on transfers between other blocks. Approval for a transfer is only for the year it is enacted; further approvals are required annually.

In 2025-26 approval has been given by School Forum to transfer £1.334m from the Schools Block to the High Needs block.



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Historical Teachers Pay and Pension Grant

Teachers pay and pension grant is allocated on the number of planned places in special schools and AP. It is funded at £660 per place. This will continue in 2025-26.

Core schools budget grant (CSBG) 2025 to 2026 for special schools and alternative provision. This combines the 2024 to 2025 teachers' pay additional grant (TPAG), the 2024 to 2025 teachers' pension employer contribution grant (TPECG) and the 2024 to 2025 core schools budget grant (CSBG). [Core schools budget grant \(CSBG\) 2025 to 2026 for special schools and alternative provision - GOV.UK](#)

High Needs Funding Place Plus methodology

The below table illustrates how the various pupil placements are funded and how the 'place plus' methodology applies to each type of placement.

Type of Provision	Place funding (Element 1&2) (Equivalent to £10k)	Top up Funding (Element 3)
Maintained Schools & Academies	Included within the per pupil funding and Notional SEN (Budget Share – Schools Block)	Agreed top up funding (Banding) to meet individual pupil actual needs
Special Schools	£10k place funding based on number of commissioned places	Top up funding (Banding) to meet individual pupil actual needs



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ERS units in Mainstream Schools & Academies	Occupied place at school census – funded via budget share. Unoccupied places on census day – High needs block. Remainder of £10k funded via high needs block	Agreed top up funding (Banding) to meet individual pupil actual needs
FE institutions	Based on 16 – 19 national funding formula – paid directly by ESFA. £6k per student funded based on number of agreed places (place change return each November recouped from DSG via ESFA	Agreed top up funding – paid from Local Authority

Schools Forum

All formula changes have been approved at Schools Forum and Council Cabinet. For further information please see web site:

<http://www.derby.gov.uk/education-and-learning/schools-and-colleges/schools-forum/>

Contacts

For school specific queries please email SchoolFinanceTeam@derby.gov.uk and ensure that the title of your email is 'School Funding Query and School Name', to ensure that emails are clearly identified.

For general queries please contact:

Jemma Gaunt on 01332 642684

April Lunn on 01332 642687



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