

ITEM 4

Provisional Dedicated Schools Grant 2026/27 and School Funding Formula Factors Review

Schools Forum – 10th November 2025

Recommendation

The School's Forum is asked to:

Note the national context within which the 2026/27 DSG budget will be announced and the delay to the timetable.

Note that nearly all the local formula factors are at NFF.

Decide whether to retain some of the formula factors at the level proposed in Table 4 below or a variation of it.

Remove the LAC formula factor and instead include it as part of growth fund planned expenditure.

Decide whether PFI factor should mirror the NFF floor as was done in 2025/26.

1. National Picture

- 1.1. In previous years, the indicative DSG settlement, including the national funding formula (NFF) for schools, has been announced late in the summer term. This has allowed early modelling over the summer to inform budget setting discussions during the autumn.
- 1.2 During 2024/25, the indicative settlement for financial year 2025/26 was delayed as a result of the change in national government. Combined with the concerning financial context this led to some challenges in ensuring sufficient time to formulate, review and finalise schools budgets for 2025/26.
- 1.3 DfE have confirmed that due to the timing of the 2025 Spending Review in the summer, the announcement of the schools and high needs NFF allocations for 2026/27 will be delayed and not be published until later in autumn this year.
- 1.4 Although soft intelligence indicated this may be planned for October half term, on 3rd September it was announced that the Autumn 2025 budget will take place on 26th November. This is later than in previous years and therefore indicates a risk that other funding announcements will be delayed until late November or December.
- 1.5 The most extreme delay would appear to be that no announcement on the level of DSG, or the NFF, will be made until the final allocation at the end of December.

2. Structure of the National Funding Formula (NFF) to Local Authorities (LA)

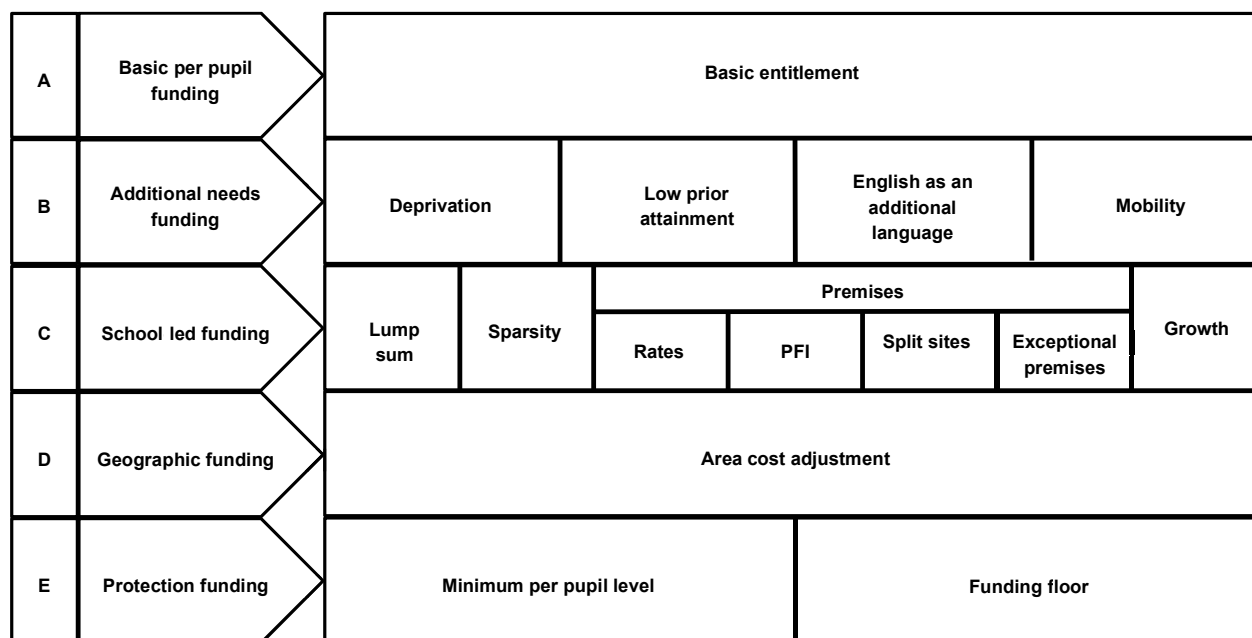
- 2.1 In August 2025, the DfE have, however, published a summary policy document to help with planning, which sets out the structure of the schools NFF for 2026/27 (that is the factors that will be used in the NFF for local authorities, and how they will operate)¹. Details on the high needs NFF for 2026/27 will

¹ See [Schools national funding formula \(NFF\) summary policy document for 2026 to 2027 - GOV.UK](#)

be published alongside the NFF allocations.

2.2 The 2026/27 NFF (for LAs) will use the same factors as the 2025/26 NFF. These are shown in the diagram below. The diagram, which is not to scale, illustrates the factors that are used when calculating schools block dedicated schools grant (DSG) funding allocations, through the NFF, to Local Authorities (LA).

2.3 Figure 1: provisional factor values in 2026 to 2027



2.4 The policy document also confirms that similar to the previous year there will be a requirement for local authorities to move at least 10% closer to the NFF, unless they are already 'mirroring' the NFF. Majority of our formula factors are already mirroring the NFF so will not be affected by that requirement. The Schools Forum will be asked to decide whether to move the other factors to the NFF by additional 10% in 2026/27 or closer .

2.5 The policy document does not give any indication on funding levels for 2026/27, so no information is available at this point on either indicative total DSG funding through the NFF, or the uplifts to factor values within the NFF. These will be confirmed when the NFF allocations are published.

2.6 Rolling in of Grants: The DfE have however confirmed that the schools budget support grant (SBSG) and the National Insurance contributions (NICs) grant will be rolled into the NFF for 2026/27 at their full-year equivalent funding rates and have announced the amounts that will be rolled into each factor. The area cost adjustments (ACAs) calculation will also be applied to these factors, just as they are applied to the current grants, to reflect geographical variation in labour market costs.

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

Line no.	Factor (A)	NICs (B)	SBSG (C)	Total (D)
Line 1	Primary basic per-pupil	£78	£55	£133
Line 2	Key stage 3 basic per-pupil	£68	£78	£146
Line 3	Key stage 4 basic per-pupil	£77	£88	£165
Line 4	Primary FSM6 per-pupil	£75	£49	£124
Line 5	Secondary FSM6 per-pupil	£60	£72	£132
Line 6	Lump sum	£2,400	£2,086	£4,486

- 2.8** Table 2 below shows the amounts that will be added to the minimum per pupils' level (MPPL) in the 2026/27 NFF in respect of the grants. This also reflects the full-year equivalent uplift in respect of the SBSG grant.

2.9 Table 2: Minimum per pupil (MPPL) funding uplifts

MPPL	NICs uplifts	SBSG uplifts	Total
Primary MPPL	£93	£66	£159
Secondary MPPL	£83	£91	£174

- 2.10 Grant for Extension of Free School Meals (FSM) from September 2026:** 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. For 2026/27, they are not proposing any changes to the schools NFF to allocate funding for this expansion of FSM. Instead, the funding needed for the FSM expansion will be provided through a separate grant. The DfE have stated that further details on how this grant will be calculated will be published separately in due course.
- 2.11 Block Transfers:** As in previous years, local authorities will be allowed to transfer up to and including 0.5% of the schools' block into another block, with Schools Forum approval. For a transfer exceeding 0.5%, or without school's forum approval, a disapplication request must be submitted to the Secretary of State. At its meeting of 22nd September 2025, Croydon Schools Forum has already approved the transfer of £1.2m from the Schools' block to the High Needs block.
- 2.12 Disapplication:** Each year, local authorities can submit requests to 'disapply' certain regulations governing their local funding formulae. These disapplications range from highly technical issues specific to individual schools to requests for transferring funds from the schools block to the high needs budget, which local authorities may see as crucial for managing their high needs cost pressures. All requests should be submitted by 17 November 2025. This is to ensure decisions are communicated back prior to the APT submission deadline.
- 2.13 Minimum Funding Guarantee (MFG):** MFG protects schools' budgets from large changes in funding based on factor changes. It protects on £/per pupil basis but does not protect against a fall in pupil numbers. The MFG range in 2025/26 was set at between -0.5% and +0.0% per pupil. Schools Forum agreed to keep the MFG at 0.0% in 2025/26 (0.5% in 2024/25). The DfE is yet to announce the range for 2026/27 MFG.
- 3. Proposed Local Croydon formulae factors in 2026/27**
- 3.1** As stated in paragraph 2.2 above, the NFF used in funding all LA will remain broadly similar to that used in 2025/26. With this in mind, the Schools Forum will decide on whether to use the same formula factors used to fund schools in 2025/26. The table showing the list of these factors as well as how they compare to the 2025/26 NFF is presented later in this paper.
- 3.2** As also stated earlier, where our local formula is not at NFF (nor is it mirroring NFF), we must continue to move our local formula factor values at least a further 10% closer to the corresponding NFF values (the comparison is made after the latter is adjusted by the ACA), except where local formulae are already 'mirroring' the NFF. These criteria do not apply to rates, PFI or exceptional circumstances factors.
- 3.3** As in previous years, local factor values within 2.5% of the respective NFF values will be taken as 'mirroring' the NFF. This means that local authorities with factor values within +/- 2.5% of the NFF values in 2025/26 can set their 2026/27 factor values anywhere within +/- 2.5% of the 2026/27 NFF values. Additionally, no local authority will be required to adjust their factor values closer than +/- 2.5% of the 2026/27 NFF due to the 10% tightening requirement.

- 3.4** As part of the tightening requirements, local authorities are not allowed to 'overshoot' the NFF value by more than the 2.5% 'mirroring' threshold. As such, a local authority which had a local factor value below the NFF value in 2025/26 should increase the local factor value in 2026/27 to get closer to the NFF – but it cannot set the factor value more than 2.5% above the NFF value. Conversely, a local authority which had a local factor value above the NFF value in 2025/26 cannot set that factor value more than 2.5% below the 2026/27 NFF value.
- 3.5** Croydon's local formulae, when compared to the NFF is presented in the table below. Nearly all of Croydon's formula factors are at NFF in 2025/26. Therefore, the directive above will not apply, and the Schools Forum would not have to make a decision regarding moving closer to the NFF on most of them. However, the Schools Forum may want to consider whether to retain the formula factors at the level they are now or to move them near the NFF ceiling. The only other two items that may be up for discussion are shaded in blue at Table 4, below.
- 3.6** The basic entitlement for all phases of schools in Croydon has been increasing year-on-year as can be seen in Table 3 below. However, the increases in KS3 and KS4 rates has been significantly higher than that for primary schools. This has therefore informed the proposal in column of F of Table 4.

Table 3: Changes in Basic Entitlement Funding over years

Line no.	Formula Factors	2022/23	% Change	2023/24	% Change	2024/25	% Change	2025/26
Line 1	Primary basic entitlement	3,783.18	1.77%	3,850.00	0.25%	3,859.50	7.98%	4,167.65
Line 2	KS3 basic entitlement	4,826.68	5.41%	5,088.00	5.06%	5,345.40	8.76%	5,813.92
Line 3	KS4 basic entitlement	5,135.23	6.87%	5,488.24	5.76%	5,804.39	13.06%	6,562.52

3.7 Table 4: Comparison of Croydon's Formula Values to the NFF.

Line no.	Factor (A)	Croydon's 2025/26 NFF Min (B)	Croydon's 2025/26 NFF Max (C)	Croydon's 2025/26 Formula Values (D)	Comparison to NFF (E)	Proposal for 2026/27 (F)
Line 1	Primary basic entitlement	£4,063.46	£4,271.84	£4,167.65	Primary Schools at NFF rate for 2025/26.	Increase at the same percentage rate for lines 1, 2 & 3
Line 2	KS3 basic entitlement	£5,727.08	£6,020.77	£5,813.92	Used to be slightly below NFF rate but now at NFF rate.	Increase at the same percentage rate for lines 1, 2 & 3
Line 3	KS4 basic entitlement	£6,326.04	£6,788.08	£6,562.52	Used to be slightly below NFF rate but now at NFF rate.	Increase at the same percentage rate for lines 1, 2 & 3
Line 4	Primary FSM	£522.85	£549.66	£536.26	NFF rate for 2025/26.	Continue to use mid-point rate.
Line 5	Secondary FSM	£522.85	£549.66	£536.26	NFF rate for 2025/26.	Continue to use mid-point rate.
Line 6	Primary FSM6	£1,119.64	£1,177.06	£1,148.35	NFF rate for 2025/26.	Continue to use mid-point rate.
Line 7	Secondary FSM6	£1,642.49	£1,726.72	£1,684.61	NFF rate for 2025/26.	Continue to use mid-point rate.
Line 8	Primary IDACI F	£248.22	£260.95	£254.59	NFF rate for 2025/26.	Continue to use mid-point rate.
Line 9	Primary IDACI E	£301.04	£316.47	£308.75	NFF rate for 2025/26.	Continue to use mid-point rate.
Line 10	Primary IDACI D	£470.04	£494.14	£482.09	NFF rate for 2025/26.	Continue to use mid-point rate.
Line 11	Primary IDACI C	£517.57	£544.11	£530.84	NFF rate for 2025/26.	Continue to use mid-point rate.
Line 12	Primary IDACI B	£549.26	£577.43	£563.34	NFF rate for 2025/26.	Continue to use mid-point rate.

Line no.	Factor (A)	Croydon's 2025/26 NFF Min (B)	Croydon's 2025/26 NFF Max (C)	Croydon's 2025/26 Formula Values (D)	Comparison to NFF (E)	Proposal for 2026/27 (F)
Line 13	Primary IDACI A	£723.54	£760.65	£760.65	Used to be above NFF rate. Now at NFF rate.	Continue to use top of the range of NFF
Line 14	Secondary IDACI F	£359.13	£377.55	£368.34	NFF rate for 2025/26.	Continue to use mid-point rate.
Line 15	Secondary IDACI E	£475.32	£499.70	£487.51	NFF rate for 2025/26.	Continue to use mid-point rate.
Line 16	Secondary IDACI D	£670.73	£705.13	£687.93	NFF rate for 2025/26.	Continue to use mid-point rate.
Line 17	Secondary IDACI C	£734.11	£771.75	£752.93	NFF rate for 2025/26.	Continue to use mid-point rate.
Line 18	Secondary IDACI B	£786.92	£827.27	£807.10	NFF rate for 2025/26.	Continue to use mid-point rate.
Line 19	Secondary IDACI A	£1,003.45	£1,065.74	£1,065.74	Used to be above NFF rate. Now at NFF rate.	Continue to use top of the range of NFF
Line 20	Primary EAL	£628.48	£660.71	£644.59	NFF rate for 2025/26.	Continue to use mid-point rate.
Line 21	Secondary EAL	£1,684.74	£1,771.14	£1,727.94	NFF rate for 2025/26.	Continue to use mid-point rate.
Line 22	Primary LPA	£1,241.11	£1,304.76	£1,272.94	NFF rate for 2025/26.	Continue to use mid-point rate.
Line 23	Secondary LPA	£1,885.44	£1,982.12	£1,933.78	NFF rate for 2025/26.	Continue to use mid-point rate.
Line 24	Primary mobility	£1,019.30	£1,071.57	£1,045.43	NFF rate for 2025/26.	Continue to use mid-point rate.
Line 25	Secondary mobility	£1,462.93	£1,537.95	£1,500.44	NFF rate for 2025/26.	Continue to use mid-point rate.
Line 26	Primary lump sum	£153,264.23	£161,123.94	£161,123.94	NFF rate for 2025/26.	Continue to use top of the range of NFF
Line 27	Secondary lump sum	£153,264.23	£161,123.94	£161,123.94	NFF rate for 2025/26.	Continue to use top of the range of NFF
Line 28	Primary sparsity	£18,717.30	£63,738.90	*	NFF rate for 2025/26.	Croydon being an outer London council does not use this formula factor to fund any of its schools.
Line 29	Secondary sparsity	£27,126.68	£92,610.17	*	NFF rate for 2025/26.	Croydon being an outer London council does not use this formula factor to fund any of its schools.
Line 30	Middle-school sparsity	£27,126.68	£92,610.17	*	NFF rate for 2025/26.	Croydon being an outer London council does not use this formula factor to fund any of its schools.
Line 31	All-through sparsity	£27,126.68	£92,610.17	*	NFF rate for 2025/26.	Croydon being an outer London council does not use this formula factor to fund any of its schools.
Line 32	Split sites basic eligibility funding	£57,038.38	£59,963.42	£58,500.90	NFF rate for 2025/26.	Continue to use NFF rate
Line 33	Split sites distance funding	£28,519.19	£29,981.71	£29,250.45	NFF rate for 2025/26.	Continue to use NFF rate
Line 34	Looked after children (LAC)				No longer allowed as a funding formula	The DfE does not allow the LAC factor in the NFF model anymore and Local authorities currently using this factor can no longer fund it though the APT factors. However, Schools Forum agreed to support this through Growth Fund Budget. Proposed to remove this from formula factor.
Line 35	PFI			£560,430.00	Optional factor	Fund at DfE minimum PFI factor increase.

Line no.	Factor (A)	Croydon's 2025/26 NFF Min (B)	Croydon's 2025/26 NFF Max (C)	Croydon's 2025/26 Formula Values (D)	Comparison to NFF (E)	Proposal for 2026/27 (F)
Line 36	London fringe			NIL	Croydon is not considered to be a London Frings LA.	

Recommendation

The School's Forum is asked to:

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Note that nearly all the local formula factors are at NFF.

Decide whether to retain some of the formula factors at the level proposed in Table 4 above or a variation of it.

Remove the LAC formula factor and instead include it as part of growth fund planned expenditure.

Decide whether PFI factor should mirror the NFF floor as was done in 2025/26.