

Budget Share

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Financial Year 2025/26

Primary & Secondary Schools Funding

The government first introduced the National Funding Formula (NFF) in 2018/19 for mainstream schools. Since its introduction, Local Authorities have continued to be responsible for agreeing and calculating schools funding allocations however, Local Authorities were strongly encouraged to move to the NFF arrangements so that schools' allocations were on a sensible trajectory towards the 'direct' formula.

The Government recognised that the 2025/26 timescale for the publication of the NFFs is unprecedented, since the Department would usually publish the NFF LA allocations in July to help with financial planning. This year, due to the timing of the general election, that was not possible.

The fundamental principles of the NFF have not changed for 2025/26.

Following the general election the Education and Skills Funding Agency (ESFA) confirmed that the Government are investing an additional £2.3bn for mainstream schools and high needs for 2025/26. Overall core schools funding will increase to £63.9bn in 2025/26 compared to £61.6bn in 2024/25, a reported real terms growth of 1.8%.

The ESFA has confirmed that mainstream schools NFF is increasing by 2.23% per pupil on average in 2025/26 compared to 2024/25 from formula factor increases and pupil characteristic changes. This includes the funding of the full year effect of the 2024 teachers' pay awards (1.28% increase). Overall, there is a tightening of fiscal funding policy for schools in 2025/26, and at this stage, schools will be required to budget for next year's pay award through the funding settlement.

The schools NFF continues to distribute this fairly, based on the needs of schools and their pupil cohorts.

The main key changes to the NFF for 2025/26 are:

- Free Schools Meals (FSMs) increased by 1.02% in line with the GDP deflator forecast for 2025/26;
- Downward adjustment to the AWPU values of -1.764% below the Government NFF values;
- Excluding the downward adjustment to AWPU for affordability purposes and the Schools block transfer to the High Needs block, all other formula factors in the NFF will on average increase by c.0.5%;
- LA's will set the Minimum Funding Guarantee (MFG) per pupil between -0.5% and +0.0% in 2025/26. The Council will set the MFG at the higher range of +0.0%, therefore no school will see a reduction in its pupil-led funding value;
- No gains ceiling cap applied;
- The minimum per pupil funding levels is set at £4,955 for primary schools and £6,465 for secondary schools;
- The 2024/25 Teachers' Pay Additional Grant (TPAG) (Teachers' September 2023 pay award); the Teachers' Pension Employer Contribution Grant (TPECG) (Teachers' employer pension

increase by 5%), and the Core Schools Budget Grant (CSBG) (Teachers' September 2024 pay award and support staff 2024/25 pay award) will be rolled into the NFF in 2025/26 including the funding being added into the schools 2024/25 baseline funding for MFG purposes;

- Continuation of the 'existing' methodology for the payment of non-Domestic rates, in that billing authorities will issue bills directly to schools who will receive funding within their budget. For the 'new' payment methodology to be implemented all billing authorities must be in agreement to adopt the new process which has not been the case in Lincolnshire;
- The Schools block continues to be ring-fenced, LAs can transfer up to 0.5% of their Schools block funding into another block, following consultation with all schools and academies and the approval of Schools' Forum. Lincolnshire's Schools' Forum approved the Council's proposal to make a Schools block transfer of c.0.5% to the High Needs block in 2025/26 (£2.812m).

The fundamental principles of the Government's NFF have not changed for 2025/26. The Council continue to approve the continued application of the NFF, including the 2025/26 measures to address the affordability issue.

The October 2024 schools census which is used for 2025/26 mainstream schools budgets has continued to see sustained growth in both FSMs and FSMs Ever 6 with the cost of living challenges being a contributing factor to this. The increase in the recorded FSMs eligibility is 1.41% and 7.31% for primary and secondary schools respectively when comparing to the October 2023 schools census, and this is compounded by a reduction in pupil numbers (1.23%). The FSMs and FSM Ever 6 additional costs to the Schools block is £1.899m.

When adopting the NFF in its entirety, there are 31 schools receiving this minimum per pupil level (MPPL) funding in 2025/26 (4 less than 2024/25) at an overall cost of £3.143m and 77 schools are receiving MFG (35 more than 2024/25) at an overall cost of £0.741m due to the tightening of the schools funding announcement – noting £42.2m of grants have been added into Lincolnshire schools baselines from 2025/26, including the full year effect of the Core Schools Budget Grant.

The affordability gap shortfall is £1.897m to adopt the NFF in its entirety including a +0.0% MFG before the application of the c.0.5% Schools block transfer to the High Needs block. The Council is unable to set an affordable formula therefore the following steps have been taken:

1. To reduce the Schools Growth / Falling Roll funding budget within the Schools block from £1.784m (funded by central Government through a formulaic allocation using prior school level growth data) to £0.983m. The budget movement to fund the NFF is £0.801m.
2. The remaining shortfall of £1.096m has been addressed through a downward adjustment of -0.361% of the Key Stage Age Weighted Pupil Unit (AWPU) values from the Government's NFF rates in 2025/26 whilst ensuring the minimum per pupil level (MPPL) and the application of the +0.0% minimum funding guarantee (MFG) is applied. This change is reflected in the table below.

Lincolnshire Schools' Forum approved the c.0.5% Schools block transfer to the High Needs block in 2025/26 following a consultation with mainstream schools. The £2.812m transfer

has been funded through a further downward adjustment of -1.403% of the Key Stage Age Weighted Pupil Unit (AWPU) values resulting in an overall downward adjustment of -1.764% which is illustrated in the table below:

Sector	Government NFF Rate (AWPU)	Monetary Change (AWPU)	Revised Rate (AWPU)	Monetary Change (0.5% Block Transfer)	Lincolnshire Rate (AWPU)
Primary	£3,847.00	-£13.89	£3,833.11	-£53.97	£3,779.14
Key Stage 3	£5,422.00	-£19.57	£5,402.43	-£76.07	£5,326.36
Key Stage 4	£6,113.00	-£22.07	£6,090.93	-£85.76	£6,005.17

The 20 February 2025 Executive Councillor decision (I035225) approved the Council's continued application of the NFF and steps to address the affordability gap when adopting the NFF for mainstream schools in 2025/26. Local factor values within the +/- 2.5% of the respective NFF values are deemed to be mirroring the NFF.

Notional SEN

LAs have received updated guidance regarding their Notional SEN budget calculations within a schools delegated budget; therefore, the Council considered it an opportune time to review its approach to identifying notional SEN budgets within the Lincolnshire formula. The notional SEN budget, within schools overall budget allocation should be used towards the cost of fulfilling their duty to secure special educational provision for their pupils with SEN. Lincolnshire 2024/25 overall schools funding identified as notional SEN was 10.99% - the overall percentage across all LAs being 12%. The DfE has determined that the costs of special educational provision for a pupil on SEN support are, on average, £3,500 per annum (Lincolnshire's notional funded 2024/25 rate is £3,324).

The Council consulted on a revision to the notional SEN percentages assigned to each formula factor to better reflect lower-level SEN correlation. For 2025/26, this will provide an overall per pupil value identified as on SEN support in 2025/26 of £3,705 (marginally above the DfE advised rate), having deducted £6,000 per pupil with an EHC plan. This however considers January 2024 data, which we have seen grow through the year. The notional SEN updates align more to the DfE guided position and lower-level SEN correlation providing a fairer notional SEN allocations, and overall notional SEN funding levels better reflects local data.

Age Weighted Pupil Unit (AWPU)

Key Stages	AWPU (Prior to Block Transfer & Affordability Reduction)	Teachers' Pay Additional Grant	Teachers' Pension Employer Contributions Grant	Core Schools Budget Grant	Monetary Change (Prior to Block Transfer & Affordability Reduction)	Revised AWPU
Key Stage 1&2	£3,583.00	£62.00	£75.00	£127.00	£67.86	£3,779.14
Key Stage 3	£5,051.00	£86.00	£106.00	£179.00	£95.64	£5,326.36
Key Stage 4	£5,694.00	£98.00	£119.00	£202.00	£107.83	£6,005.17

From 2025/26, the NFF monetary values include the 2024/25 Teachers' Pay Additional Grant, Teachers' Pension Employer Contributions Grant and the Core Schools Budget Grant, therefore schools will no longer receive a separate grant for these aspects of funding. The above table includes the downward adjustment to AWPU reflecting the measures to address the NFF affordability and the Schools block transfer to the High Needs block (c.£0.5m) to support high needs initiatives in 2025/26.

School funding for 2025/26 is based on the October 2024 Pupil Census for mainstream schools and academies.

Free School Meals

Funding is based on the number of pupils eligible for a Free School Meal on the October 2024 pupil census day.

Primary	£495 per eligible pupil
Secondary	£495 per eligible pupil

Free School Meals Ever 6

Funding is based on the number of pupils eligible for a Free School Meal at any time in the last 6 years based on the October 2024 pupil census day.

Sector	FSM6	Teachers' Pay Additional Grant	Teachers' Pension Employer Contributions Grant	Core Schools Budget Grant	Revised FSM6
Primary	£827	£53	£65	£115	£1,060
Secondary	£1,210	£77	£100	£168	£1,555

Income Deprivation Affecting Children Index (IDACI)

The IDACI score has been classified as ranks which are based on the postcode of the pupil's home address. The ranks, group each Lower-layer Super Output Area (LSOA) into one of six bands of

decreasing deprivation. October 2024 Pupil Census data is matched to the most recent IDACI dataset (2019).

IDACI Band	IDACI Data	Ranks	Primary Value	Secondary Value
F	Pupils in the next 10% most deprived LSOAs	9,033 to 12,316	£235	£340
E	Pupils in the next 10% most deprived LSOAs	5,748 to 9,032	£285	£450
D	Pupils in the next 5% most deprived LSOAs	4,106 to 5,747	£445	£635
C	Pupils in the next 5% most deprived LSOAs	2,464 to 4,105	£490	£695
B	Pupils in the next 5% most deprived LSOAs	822 to 2,463	£520	£745
A	Pupils in the next 2.5% most deprived LSOAs	1 to 821	£685	£950

English as an Additional Language

Funding is based on whether a pupil's first language is other than English and they have been in an English school for less than three years.

Primary £ 595 per eligible pupil

Secondary £1,595 per eligible pupil

Mobility

Schools funding is based on whether a pupil's school entry date within the last three years is recorded on the census as not 'typical'. For year groups 1 to 11, 'not typical' is where the first census a pupil is recorded as attending the school is on the January or May census and for reception year this is the May census.

Eligibility for mobility funding is the proportion of mobile pupils within the school above the threshold of 6% of the number on roll.

Primary £ 965 per eligible pupil

Secondary £1,385 per eligible pupil

Prior Attainment

Primary schools are funded on the number of pupils who did not achieve a good level of development in the early years foundation stage profile (EYFSP).

Primary £1,175 per eligible pupil

For secondary schools year 7 to 11 pupils funding is targeted for pupils who did not achieve the expected level at KS2 in one or more of reading, writing and mathematics. Secondary pupil

numbers are weighted to reflect the fact that the proportion of pupils reaching the expected standard of KS2 assessment has changed over time.

Year 7 weighting	57.71%
Year 8 weighting	55.77%
Year 9 weighting	54.47%
Year 10 weighting	54.47%
Year 11 weighting	64.53%

Secondary £1,785 per eligible pupil

Following the cancellation or incompleteness of both EYFSP and KS2 assessments in summer 2020 and summer 2021 due to COVID-19, Local Authorities have used:

- 2022 attainment data as a proxy for the missing assessments in 2021
- 2019 attainment data as a proxy for the missing assessments in 2020 for primary and secondary pupils
- 2019 attainment data from the 2024/25 APT as a proxy for the missing assessments in 2020 for secondary pupils

Lump Sum

On top of the annual increase, the lump sum now includes an additional £9,921 to cover funding previously allocated through the teachers' pay additional grant, the teacher's pension employer contribution grant and the cost schools budget grant. The lump sum for primary and secondary is £145,100 per sector.

Sparsity

The sparsity factor allocates funding to schools that are remote (measured by sparsity distance) and are small (based on average year group size). Sparsity distances are measured by road distances. To calculate a school's sparsity distance, we take all the pupils for whom it is the nearest compatible school and find the average road distance from these pupils' home postcodes to their second nearest compatible schools (a compatible school is one which a pupil of the relevant age and gender could attend. Selective grammar schools are excluded when identifying the second nearest compatible school, but faith schools are included).

The sparsity factor includes a distance threshold taper. Where schools' sparsity distances are marginally below the main distance threshold for sparsity funding, they will still attract some funding. The distance threshold taper has been set 20% below the main distance thresholds.

This factor is applicable for the primary and secondary sector only.

Primary	£0 to £57,400
Secondary	£0 to £83,400
All-through	£0 to £83,400

A school is eligible for sparsity funding if:

- its sparsity distance is above the tapered distance threshold, and
- the average year group size (the APT adjusted pupil count divided by the number of year groups present at the school) is below the relevant size threshold.

			Minimum average distance to second nearest compatible school	
School Sector	Main year group threshold (average number of pupils) Tm	Tapered year group threshold (average number of pupils)	Main distance threshold Dm	Distance taper threshold Dt
Primary	10.70	21.40	2 miles	1.6 miles
Secondary	60.00	120.00	3 miles	2.4 miles
All-through	31.25	62.50	2 miles	1.6 miles

For each school that is eligible for sparsity funding, the sparsity weighting is calculated, which sets the proportion of the maximum sparsity unit value each sparse school is allocated. The sparsity weighting is calculated in two stages:

1. Applying a year group size weighting. This tapers the proportion of the sparsity unit value if the school's average year group size is between the tapered and main year group thresholds. Tapering depends on how close the average year group size is to the main year group threshold.
2. Then a distance weighting is applied. This tapers the proportion of the sparsity unit value according to how close to the main distance threshold their sparsity distance is.

If the average year group size is less than 10.70 (primary) or 60.00 (secondary) and the average road distance is greater than 2 miles (primary) or 3 miles (secondary) a school will receive the full allocation of either £57,400 or £83,400 depending on the sector.

If the average year group size is between 10.70 and 21.40 (primary) or 60.00 and 120.00 (secondary) and the average road distance is greater than 2 miles (primary) or 3 miles (secondary) the group size is weighted as per the below:

$$1- \frac{A-T_m}{T_m} * \text{sparsity factor value}$$

A is the average year group size

Tm is the main year group threshold

If the average year group size is less than 10.70 (primary) or 60.00 (secondary) and the average road distance is between 1.6 miles and 2.0 miles (primary) or 2.4 miles and 3.0 miles (secondary) a school will receive an allocation based on the road distance tapering calculation as per the below:

$$1 - (Dm-d)/Dm-Dt) * \text{sparsity factor value}$$

Dm is the main sparsity distance threshold

Dt is the tapered distance threshold

d is the school's sparsity distance

If the average year group size is between 10.70 and 21.40 (primary) or 60.00 and 120.00 (secondary) and the average road distance is between 1.6 miles and 2.0 miles (primary) or 2.4 miles and 3.0 miles (secondary) a school will receive funding based on the below calculation:

$$(1-A-Tm/Tm) * 1-(Dm-d)/Dt-Dt) * \text{sparsity factor value}$$

A is the average year group size

Tm is the main year group threshold

Dm is the main sparsity distance threshold

Dt is the tapered distance threshold

d is the school's sparsity distance

Split-Site

The factor is made up of two parts, both of which are compulsory:

- basic eligibility funding: schools are allocated a lump sum payment of £54,000 for each of their additional eligible sites
- distance funding: additional funding up to a maximum of £27,000 for schools whose eligible sites are separated by more than 100 metres (by road distance) from the main site

The basic eligibility criteria for split-sites funding requires additional sites to:

- be part of the main school, to share the same unique reference number (URN) with the school's main site
- be separated from the school's main site by a public road or railway
- have a building on them which is maintained by the school, and which is primarily used for the education of 5 to 16 year olds in mainstream education. This excludes playing fields, 'ancillary buildings' and buildings leased out full time by the school to another entity

Funding for the distance element is allocated through a tapered approach, beginning at 100 metres, with allocations linearly up to 500 metres, from which point schools will receive the total maximum funding allowed.

Rates

For 2025/26, rates are to be revalued and therefore maintained schools rates funding will include an adjustment to take account of the revaluation plus any adjustments for the prior year 2024/25 rates.

The LA collected the actual rates bills in the autumn term to establish the correct funding entitlement for 2024/25 and the indicative rates value for 2025/26.

Private Finance Initiative (PFI)

This factor is to support schools to meet the PFI 'affordability' gap delegated to schools, and the unavoidable extra premise costs which is paid back to the Local Authority to meet the contractual arrangements and unavoidable costs.

Rents

Where primary schools incur a significant additional cost for the rental of school grounds, buildings, and suitable school playing fields, which are greater than 1% of the school's budget, such costs must affect fewer than 5% of the schools and academies within the LA. Schools received funding based on their actual rental bills for 2024/25 which were provided to the LA in the autumn term 2024.

De-Delegation

Schools' Forum representatives for the maintained primary sector have agreed that the following services will be de-delegated for maintained primary schools (i.e. managed central service by the LA supporting maintained schools) in 2025/26:

- Primary Maintained Locality lead support and Intervention Funding
- Additional Intervention Locality Lead Funding
- Termination of employment costs and redundancy support for schools determined as being in financial difficulties (policy will still apply)
- Ethnic Minority and Traveller Education Team

The per pupil rates are set at:

- Contingency £29.23 per pupil
- Ethnic Minority and Traveller Education Team (EMTET) £ 8.77 per pupil

De-delegations do not take place for maintained secondary schools.

Education Services for Maintained Schools

Prior to the mainstream schools NFF reforms of 2018/19, the Local Authority held a central budget within the Dedicated Schools Grant to carry out school audits. This budget was devolved out through the NFF reforms. Internal audit should be delivered as a routine business activity, and the number of schools buying into internal audit services has diminished resulting in poor visibility of the risks exposure through schools' internal control environment.

The role of an internal auditor is to provide an independent and objective opinion on the adequacy of operating processes to deliver effective governance, risk management, human resources and finances in place across our maintained schools. The team deliver this in a supportive manner to provide assurance to the Senior Leadership Team, Governors and the Council that internal control processes are performing in line with policies, comply with statutory requirements and are following best practice.

Schools Forum agreed to re-establish routine audits across all maintained schools, where schools will receive an audit on a three-year cycle. This falls under the category of statutory and regulatory duties: internal audit and other tasks related to the local authority's chief finance

officer's responsibilities under Section 151 of the Local Government Act 1972 for maintained schools (Schedule 2, paragraph 61). The Local Authority will retain an amount of funding from maintained schools budget starting in 2025/26.

The per pupil rates are set at:

- Primary £2.38
- Secondary £5.80

To fulfil the three-year cycle of school audits, a budget of £0.170m is required. Recognising the level of primary maintained schools de-delegation reserves available, the Local Authority is utilising £0.082m of this reserve in 2025/26, therefore temporarily reducing the cost to the primary maintained schools for 2025/26.

Prime account schools will be required to meet the cost supplement from their delegated budgets for the additional audit work from operating their own bank account. Schools with no or limited assurance in their three yearly school audit will be required to meet the cost of the follow up audit. Further cost information for these can be obtained by contacting Schools&Academies@lincolnshire.gov.uk where the audit team will be happy to discuss your individual requirements.

Minimum Per Pupil Amount

The minimum per pupil funding factor, the rates are set at:

Primary	£4,955.00
Secondary KS3	£6,221.00
Secondary KS4	£6,831.00
Secondary	£6,465.00
All-through	£5,584.17

The minimum per pupil calculation uses the number of year groups.

$((\text{number of primary year groups} \times £4,955) + (\text{number of KS3 year groups} \times £6,221) + (\text{number of KS4 year groups} \times £6,831))$ divided by total number of years groups.

Where the total allocation through the NFF factors per pupil excluding premise factors (rates costs, rent factor, split site and PFI) are below the minimum per pupil value, a school will receive an adjustment to ensure all schools receive the minimum per pupil amount of funding.

Minimum Funding Guarantee (MFG)

The LA is required to set a MFG per pupil between -0.50% and +0.00% against the schools existing per pupil baseline to ensure school budget reductions are set in a more sustainable way.

The LA has not received guidance from the DfE regarding the MFG for future years, therefore the LA recommends schools model the MFG as per the above range for future years to understand the impact this will have on their medium-term financial planning.

Gains Cap

There will be no NFF gains cap, so that all schools will attract at least their full allocations under the formula.

Post-16 Allocation

The post-16 allocations are determined by the Education and Skills Funding Agency for the financial year.

16-19 Teachers' Pension Scheme Employer's Contribution Grant

The Teachers' Pension Scheme Employer's Contribution Grant (16-19 TPSECG) provides funding for further education providers to cover the increased employer contributions to the teachers' pension scheme.

The 16-19 TPSECG covers the financial year 2025/26. Eligible schools will receive payments for 2025/26 in two instalments. One payment was made in June 2025 and another will be made in November 2025.

The 16-19 TPSECG funding for future years will be determined at the next spending review. A link to the terms and conditions of the grant is below:

[16 to 19 teachers' pension scheme employer contribution grant: conditions of grant for local authorities and academies 2025 to 2026 - GOV.UK](#)

Schools Budget Support Grant (SBSG)

The DfE has announced further funding for schools and high needs settings during the 2025/26 financial year to support them with their increased costs. This funding is being allocated via the Schools Budget Support Grant (SBSG).

The SBSG funding rates for 2025/26 are based on factors used in previous pay and pensions grants:

- a basic per pupil rate with different rates for primary, key stage 3, and key stage 4
- a lump sum paid to all schools, regardless of pupil numbers
- a per pupil rate for pupils who are recorded as having been eligible for free school meals at any point in the last 6 years (FSM6), with different rates for primary and secondary pupils

In addition, there is a flat rate per place for places in mainstream school special units or resource provisions (SURPs).

The base funding rates for the 2025/26 financial year are:

- a basic per pupil rate of £37 for primary schools, including pupils in reception
- a basic per pupil rate of £53 for key stage 3 pupils
- a basic per pupil rate of £60 for key stage 4 pupils
- a lump sum of £1,400
- a FSM6 per pupil rate of £35 per eligible primary pupil
- a FSM6 per pupil rate of £50 per eligible secondary pupil

The 2025/26 financial year funding rate for mainstream schools with eligible SURPs is £172 per place.

Allocations are calculated by multiplying the relevant funding rates by the pupil count, and FSM6 pupil count, using data from the October 24 census, and adding the lump sum amount. The allocations published in the autumn will include funding for mainstream schools with eligible SURPs. These allocations will use the 2025/26 academic year place numbers multiplied by the per place funding rate as above.

The SBSG funding covers the 7 month period from September 2025 to March 2026.

From 2026/27 onwards, the SBSG funding will be incorporated into the Schools' Block portion of the NFF. A link to the terms and conditions of the grant is below:

[Schools budget support grant \(SBSG\) 2025 to 2026: conditions of grant - GOV.UK](#)

Post-16 Schools Budget Grant (Post-16 SBG)

The Post-16 SBG is to support eligible 16-19 settings in responding to current financial priorities and challenges, including workforce recruitment and retention.

This funding was a single payment allocated to schools in June 2025 and covers the period April 2025 to July 2025. This grant will cease from the end of the 2024/25 Academic Year.

For the 2025/26 Academic year, this grant has been brought into the national funding rates which will be the same for all institutions with a 16-19 allocation.

National Insurance Contributions Grant (NICs Grant)

The DfE announced that they would provide additional funding in 2025/26 to support mainstream schools, with pupils in the 5-16 age range, with the increased costs relating to National Insurance Contributions for both Teaching and Support staff. This funding will be allocated via the NICs grant.

The NICs grant funding rates are based on the same factors used for previous pay and pensions grants:

- a basic per pupil rate with different rates for primary, key stage 3 and key stage 4
- a lump sum paid to all schools, regardless of pupil numbers
- a per pupil rate for pupils who are recorded as having been eligible for free school meals at any point in the last 6 years (FSM6), with different rates for primary and secondary pupils

The base funding rates for 2025 to 2026 financial year are:

- a basic per-pupil rate of £78 for primary pupils, including pupils in reception
- a basic per-pupil rate of £68 for key stage 3 pupils
- a basic per-pupil rate of £77 for key stage 4 pupils

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- a lump sum of £2,400
- a FSM6 per pupil rate of £75 per eligible primary pupil
- a FSM6 per pupil rate of £60 per eligible secondary pupil

Funding for primary and secondary schools will be incorporated into the core budget allocations for 2026/27, by being rolled into the schools block portion of the NFF for 2026/27. A link to the terms and conditions of the grant is below:

[National Insurance contributions \(NICs\) grant conditions of grant: April 2025 to March 2026 - GOV.UK](#)

Post-16 National Insurance Contributions Grant (Post-16 NICs Grant)

To support mainstream post-16 education providers with the increase in employers' National Insurance Contributions (NICs), the DfE is providing additional funding via the Post-16 NICs grant. One payment will be made to cover the 2025/26 financial year. This payment will be made to Local Authorities in September 2025 and allocated to mainstream schools in October 2025. A link to the terms and conditions of the grant is below:

[Post-16 National Insurance contributions grant: conditions of grant April 2025 to March 2026 - GOV.UK](#)

Initial Teacher Training (ITT) Mentor Funding

Mentors working in schools will need to complete sufficient training with an accredited training provider to ensure that they can effectively support a trainee teacher to obtain the knowledge and skills they need to complete their Initial Teacher Training (ITT) school placement.

Schools can claim for the actual hours of training undertaken by the mentor. The maximum number of hours per accredited provider is:

- 16 hours for initial training
- 6 hours for refresher training

This funding helps with the cost of mentors being away from the classroom while they train.

This could include:

- paying for someone to take over lessons while a mentor is training
- paying for someone to teach if a mentor takes time off in lieu to train
- overtime payment to the mentor, if they are training outside normal working hours (teacher workload should be carefully considered in such cases)
- paying for any costs that come from reducing a mentor's other responsibilities so they have time to train

This funding applies to schools that:

- offer placements to ITT trainees, including:

- special schools
 - pupil referral units
 - independent schools
 - early years settings
 - further education organisations
- have mentors working with:
 - postgraduate ITT trainees who started or returned to training between 1 September 2025 and 31 May 2026 (1 June 2025 for apprenticeship trainees)
 - undergraduate ITT trainees who started or returned to their training between 1 September 2024 and 31 May 2026
 - have mentors that intended to work with ITT trainees who would have started their training any time between 1 September 2025 and 31 May 2026 (1 June for apprenticeship trainees), but the trainee withdrew after the mentor training took place

Further information can be found at the following web pages:

[Conditions of grant: general mentor training - GOV.UK](#)

[Conditions of grant: lead mentor and mentor leadership team grant, and intensive training and practice grant](#)

Higher Needs Top Up

For 5-16 year olds, the Financial Regulations require all schools to contribute the first £6,000 of a pupil's SEN from their existing budgets (termed as 'Notional SEN'), before the LA will allocate further funding (termed as 'top-up'). Schools are not expected to fund the first £6,000 for Early Years or Post 16 Education Health Care (EHC) plans, and in these instances the LA will pick up the full cost of the EHC plan.

For the 2025/26 financial year, the top-up rate will increase from £11.84 to £12.08 per hour (a 2% increase). In determining this inflationary uplift, the Council is very mindful of both the financial pressures being experienced by schools in this area, whilst also balancing this with the increasing costs being faced to Lincolnshire's High Needs block. Current and forecast spending levels are significantly greater than the Government's High Needs Block allocations leading to material in-year deficits with Lincolnshire forecasting to go into a structural Dedicated Schools Grant deficit at the end of this financial year, with the deficit growing materially each year thereafter.

Lincolnshire must secure a financially sustainable system; therefore, the Council's intention is to review mainstream top up and targeted funding arrangements with sector engagement, with a view of implementing changes from September 2025. It is therefore important to note that high needs funding levels for 2025/26 are indicative, and transition arrangements will be considered in any future planned changes.

Top up funding follows the child, if a pupil resides outside of Lincolnshire but attends a Lincolnshire school, the financial responsibility will be with the Commissioning LA. In this case, schools will need to reclaim the higher needs top up amount owed directly from the

Commissioning Local Authority, which will be based on Lincolnshire's top up rates. Where

schools are in receipt of targeted SEN funding through Lincolnshire's formula, and another LA commissions a place for a pupil with an EHC, the school is also entitled to claim targeted funding (i.e. notional SEN). In these instances, as the notional SEN monies should have been transferred to Lincolnshire via the ESFA's import / export adjustment process, Lincolnshire will then be responsible for paying this direct to the school in March 2026.

If a school has an EHC plan for a pupil who resides in Lincolnshire but is a Child In Care (CIC) to another LA, the Belonging Regulations outline that it is the school's responsibility to ensure that both top up is claimed directly from the LA where the child is a CIC. Schools should continue to address targeted claims for these instances via Lincolnshire. If you have any queries with regards to your Other Local Education Authority (OLEA) entitlements, please contact Bev.Hippisley@lincolnshire.gov.uk

Higher Needs Targeted Funding

The Government introduced the approach of 'Notional SEN', which required schools to contribute the first £6,000 of an EHC plan. The LA also introduced the Targeted Funding approach, to support schools with a higher number of EHC plans to ensure that schools were not financially disadvantaged by having a disproportionate number of pupils with more complex needs. More information regarding top up / targeted process can be found within the 2025/26 Mainstream EHC Funding Guidance Document, which is available on Perspective Lite:

HR & Employment Policy > Schools Finance > Budget Shares 2025-26 > 2526 Mainstream Funding Guidance Note

The LA will continue using targeted funding as an approach to supporting schools in delivering inclusive practice, however, the current arrangements will be subject to a review along with top up arrangements to deliver a more sustainable system. In 2024/25, only 66 LAs operated a targeted funding approach with Lincolnshire being the 7th highest planned spend per capita and the 4th highest planned gross expenditure across all LAs. In addition, the Department expect this funding to be provided in exceptional circumstances. It is forecast that changes will be implemented from September 2025 following sector involvement and consultation. It is important to note that annual targeted funding allocations remain indicative.

The current targeted approach uses the actual amount of Notional SEN determined through NFF (based on pre-determined percentage amounts assigned to each formula factor) to consider whether a school has sufficient Notional SEN funding to support pupils that have an EHC plan at their school. The approach provides extra funding to those schools whose notional funding requirements for higher needs EHC's are greater than the value equivalent to 30% of their Notional SEN. School that trigger this targeted funding entitlement will then receive an indicative additional allocation equating to the value that the notional EHC requirements have exceeded the 30% Notional SEN by. The local approach was intended to ensure that schools are not being financially disadvantaged by having a disproportionate number of pupils with more complex needs.

The 30% Notional SEN threshold was established prior to the delegation of funding for School Action and School Action Plus and bands 1-5 statements, it therefore reflects the full spectrum of support to be delivered through notional SEN.

An example of the calculation is detailed below:

2025/26 Notional SEN Budget	2025/26 Notional SEN Budget x 30%	Number of EHC Plans	Notional Funding Required (EHC Plans x £6,000)	Targeted Funding Entitlement (Notional Funding Required – 30% Notional SEN Budget)
£114,489	£34,346.70	6	£36,000	£1,653.30

Early Years Funding

Local Authorities receive seven relevant funding streams from central government which together form the Early Years block of the Dedicated Schools Grant (DSG).

These are;

1. The Early Years universal entitlement for 3 & 4 year olds
2. The Early Years additional entitlement (30 hours) for 3 & 4 year olds of eligible working parents
3. Supplementary funding for Maintained Nursery Schools (MNS)
4. The Early Years Pupil Premium (EYPP)
5. The Disability Access Fund (DAF)
6. The Early Years entitlement for disadvantaged and working 2 year olds, and
7. The early years entitlement for under 2 year olds for working parents (from 1st September 2024)

This overview specifies the local rates paid to the Early Years sector in 2025/26 relating to the specified areas above.

Overview

1. The Early Years Universal Entitlement for 3 & 4 year olds

Base rate funding will increase by £0.21 pence per hour in 2025/26

Activity for 2025/26	Hourly Rate
Universal Base Rate – All Early Years providers	£5.21

The Early Years Single Funding Formula (EYSFF) was implemented by Lincolnshire with effect from April 2017, as a result of the government's Early Years National Funding Formula (EYNFF) reforms to provide fairer funding nationally. The Local Authority reviews the EYSFF annually and determines the universal and additional entitlements for 3- & 4-year-olds, based on funding received from central government (EYNFF). The EYSFF must remain affordable.

The original per pupil hourly rate in 2024/25 was £5.00 rising to £5.03 following an increase utilising the DSG reserve. Therefore, the hourly rate will increase by **£0.21 per hour per pupil in 2025/26** from £5.00 to £5.21 from the 24/25 hourly rate per pupil. The increase is largely supported through the Government's additional funding of £0.24p per hour per child for 2025/26. The £0.21 increase in rate will give providers additional resource to support the running of early years education.

It is important for the Local Authority to provide appropriate stewardship of the Early Years block and ensure it does not overspend. The remainder of the funding includes an uplift to the inclusion fund and the deprivation supplement allocations and re-allocation of central costs from the rollout of the new entitlements. A contingency fund of £0.12m has also been allocated for the 3- and 4-year-old category.

Lincolnshire is passing through 97% of its funding through to providers in 2025/26 which is above the prescribed Government level of 95%. Supplements and provider delegations (outside the local universal basic rate) must not be more than 12% of the pass-through funding to providers, Lincolnshire's supplements funding is at a lower level of 5.94%. The supplements include the mandatory deprivation supplement and SEN Inclusion funding. Further details can be found within the January 2025 Schools' Forum paper that can be accessed through the following link:

[Help paying for childcare: 15 hours free childcare for 3 and 4-year-olds - GOV.UK](#)

The local universal base rate will fund each provider on the basis of participation. The term participation refers to both the number of children accessing the funded entitlement along with the number of hours being taken up (i.e., up to 15 hours or up to 30 hours for working parents) across the agreed funding period.

Funding is allocated monthly using the number of hours each child receives up to 15 hours per week (or 30 hours for working parents) for the maximum number of weeks available in each month (as outlined in the EYE payment schedule). Funding for 2025/26 will be based on data submitted by the specified deadlines using the online Early Years Provider Hub through the financial year.

The Early Years Provider Hub is the online system being utilised by all Lincolnshire early year providers to ensure accurate and up to date claims and payments are being made on a monthly basis.

For all Local Authority schools and with early years provision and Maintained Nursery Schools, payments will be made a month in arrears of the 'claim' and 'adjustment' data being submitted on the Early Years Provider Hub. Payments are made throughout the financial year rather than a budget being allocated at the start of the year. Please note that the March claim will be paid in March, based on the claim data submitted, with any adjustment being made in the following month of April. The excel-based Medium Term Finance Plan funding document enables projections of Early Years participation and funding (available on Perspective Lite / Schools Finance / Schools Budget Shares 2025/26 / Finance Plans).

Deprivation

In 2025/26, the Local Authority will continue to use the same deprivation factor as in 2024/25. To ensure the Government's funding increase is proportionately distributed through the EYNFF, 4.4%¹ of the increased funding will be distributed through the deprivation factor through a £8 increase in Deprivation Band 1. The increase is proportionately applied across the other Deprivation Bands 2-6. The Local Authority will continue to provide advice on its use and monitor its effectiveness in settings.

The IDACI deprivation measure determines the probability of a child coming from a deprived area, using the child's postcode. For example, a child with an IDACI score of 0.2 has a 20% chance of coming from a deprived area; a child with an IDACI score of 0.8 has an 80% chance of coming from a deprived area. The IDACI child information has been taken from the October 2024 provider funding claims.

A monetary sum per pupil has been assigned to the deprivation bands 1 to 6. Only pupils with an IDACI score of 0.2 or above will trigger deprivation funding, therefore targeting funding at those children deemed to be more deprived.

The following table shows the deprivation scores and associated funding:

Deprivation Band	IDACI Score lower limit	IDACI score upper limit	2025/26 Funding Per Pupil
1	0.2	0.25	£180
2	0.25	0.3	£360
3	0.3	0.4	£540
4	0.4	0.5	£720
5	0.5	0.6	£900
6	0.6	1.0	£1080

The October 2024 data collection information and IDACI 2019 datasets have been used to determine the 2025/26 annual deprivation funding allocation.

¹The percentage is determined based on the increase between the 2025/26 rate, compared to the 2024/25 rate.

The full 2025/26 annual monetary deprivation allocation, specifically detailed within this budget share documentation, will be divided into three termly amounts and will be payable within the first month of each term.

A review of deprivation monitoring previously identified a lack of understanding regarding the most vulnerable children attending. An evaluation of spend in 2024/25 will take place in summer 2025 with a view to considering changes from 2026/27 if required.

Early Years Special Educational Needs (SEN) Inclusion Funding

There are a number of children with special educational needs and disabilities in provider settings, Maintained Nursery Schools and school based Early Years provision. The universal base rate is provided to meet the needs of children, including those with mild additional needs which are able to be met within the graduated approach and provision that is routinely available. Settings are expected to meet these children's needs within the universal base rate.

Early Years SEN Inclusion funding can be accessed for children that exceed the level which can be accommodated within the local universal base rate to support the early cycles of the graduated approach and who do not have an Education, Health, and Care (EHC) Plan. The Local Authority is required to have an Early Years SEN Inclusion fund for all 3 & 4 year-olds with SEN who are taking up funded entitlement, regardless of the number of hours taken. The Early Years SEN Inclusion Fund is administered by the Early Years and Childcare Support team and supports the inclusion and participation of Lincolnshire children aged 3 & 4 years as part of the Local Offer.

Further information can be found in this link:

<https://www.lincolnshire.gov.uk/early-years-education/support-childcare-providers/4?documentId=292&categoryId=20088>

The Early Years SEN Inclusion Fund has been reviewed in line with national guidance and is available through an application process. Inclusion funding is applicable to any child attending an Early Years setting in Lincolnshire, regardless of where the child lives.

The Inclusion funding model provides a top up payment for every hour the child attends the setting for their early year's entitlement (up to maximum of 30 hours per week based on a child's eligibility). A two-tier approach for 'Emerging 1' needs and 'Emerging 2' needs is in place. This additional funding is paid to the setting to enable them to meet the needs of the child. From April 2025 the Inclusion funding has been maintained at the rates below:

Activity for 2025/26	Emerging 1 Needs	Emerging 2 Needs
SEN Inclusion Funding	£2.10 per hour	£4.20 per hour

If a child meets the criteria for an EHC plan assessment, High Needs block funding can be accessed through the SEND team.

2. The Early Years additional entitlement (30 hours) for 3 & 4 year olds of eligible working parents

The same hourly rate is applied for the additional hours for working families up to 30 hours per week.

Activity for 2025/26	2025/26 Hourly Rate
Universal Base Rate – All Early Years providers	£5.21

A child is entitled to extended funded early years provision if the child has attained the age of three, is under compulsory school age and the child's parent(s) meets the eligibility criteria set out in the Government guidance, found here:

<https://www.gov.uk/30-hours-free-childcare>

Eligibility includes children in foster care, where specific criteria are met. Foster carers will speak to the child's social worker before applying. If the social worker agrees, an application form will be completed and submitted to the Local Authority.

3. Supplementary Funding for Maintained Nursery Schools (MNS)

Activity for 2025/26	Hourly Rate
A. Universal Base Rate – All Early Years providers (section 1)	£5.21
B. Current Supplementary Rate	£3.39
C. Supplementary Rate Increase	£0.35
D. A + B + C overall protected Nursery School base line Rate (3 and 4 year children)	£8.95

Since the introduction of the EYNFF, Local Authorities have received supplementary funding for MNS on top of their EYNFF allocation for 3- and 4-year-old children, to protect their historic MNS funding rates.

MNS will see an increase to the MNS supplementary funding of £0.35p per hour for 2025/26 in addition to the current MNS supplementary rate of £3.39p per hour, therefore an overall rate of £3.74p per hour. Included within the supplementary funding rate for 2025/26 is the MNS Teachers' Pay and Pension Grant (TPPG), therefore no separate grant allocation will be made from 2025/26.

Lincolnshire's MNS hourly rate for 3- and 4-year-old entitlement is £8.95 for 2025/26, incorporating the changes above. This rate will continue to apply to both the 15 hours universal entitlement and the extended hours, as has been applied in prior years.

Rates Factor

MNS are funded for their actual rates bill. This is outside the hourly rate funding per pupil. MNS receive this funding in 2025/26 as an income allocation, rather than a budget.

Initially, MNS will be funded for their rates bill, as per details held from November 2024. In the autumn term 2025 information on rates bills for 2025/26 will be collected from MNS by the Schools Finance Team. The Local Authority will compare the rates bill submitted in November 2025 to the rates bill submitted in November 2024 and adjust the current year's funding allocation for any difference between the two bills (either up or down).

Activity for 2025/26	Annual funding
Rates Factor – Maintained Nursery Schools	Actual cost of 2025/26 Rates

4. Early Years Pupil Premium (EYPP)

Activity for 2025/26	Annual amount	Hourly Rate
EYPP	£570.00	£1.00

The Early Years Pupil Premium (EYPP) provides additional funding for 3- & 4-year-olds who are disadvantaged and benefit the most from additional investment. For 2025 to 2026, EYPP will be extended to all 2-year-olds and under accessing the entitlements and meeting the eligibility criteria. The EYPP remains distinct from the EYNFF.

EYPP will complement the early years entitlement funding by providing nurseries, schools, and other providers with up to an additional £570.00 a year for each eligible child. This equates to an hourly rate of £1.00p per child per hour, based on a maximum of 570 hours per year, this being the 15 hours funded universal entitlement x 38 weeks. As the EYPP is calculated on an hourly rate, funding will only be allocated based on the number of hours a child attends.

Where a child is eligible for the additional 15 hours entitlement for working parents, EYPP is paid on the universal 15 hours per week only, up to a total of 570 hours in the year.

Once a provider starts receiving EYPP funding in respect of a particular child, they will not lose it while the child is taking up the early years funded entitlement. Funded two-year-olds are not eligible to receive this funding.

The aim of the EYPP is to close the gap between children from disadvantaged backgrounds and their peers by providing funding to early years providers to help them raise the quality of their provision. Restrictions will not be imposed on how providers spend the EYPP. Instead, Ofsted will hold providers to account for how they have used the EYPP to support their disadvantaged children through the regular inspection process.

3- & 4-year-olds will be eligible for EYPP if they meet the Government criteria, found here:

<https://www.gov.uk/get-extra-early-years-funding>

Providers must request parent details on the Parent Declaration Form and add these to the Early Years Provider Hub, for the Local Authority to check the child's eligibility and apply this funding to the providers monthly claim. Funding will be allocated on a monthly basis for eligible children and funding will follow the child.

5. Disability Access Funding (DAF)

Activity for 2025/26	Revised Total annual amount
DAF	£938 (one-off payment)

All Early Years age groups will be eligible for the DAF if they meet the following criteria:

- The child is in receipt of child Disability Living Allowance (DLA) and;
- The child receives funded early education.

The settings of all eligible children for all age groups for the DAF will be entitled to receive a one-off payment of £938 per year. The DAF is not based on an hourly rate and is an additional entitlement. Children do not have to take up their full early years education if they are entitled to receive the DAF. Children in receipt of the DAF will be eligible where they take-up any period of funded entitlement.

If a child eligible for the DAF is splitting their funded entitlement across two or more providers, parents will be asked to nominate the main setting. This setting will be where the DAF is awarded for the child. If a child receiving DAF moves from one setting to another within a financial year, the new setting is not eligible to receive DAF funding for this child within the same financial year. DAF funding received by the original setting will not be recouped. It should be noted that providers will need to work together for implementation of the funding.

Early years providers are responsible for identifying children eligible for DAF and should speak to parents to find out who is eligible. Providers will be able to use the parent declaration form to record those children in receipt of Disability Living Allowance (DLA). The provider will be required to upload a copy of the child's DLA certificate to the child's record on the Early Years Provider Hub as evidence. The LA will check that the DAF eligibility requirements are met, and evidence must be kept on file.

6. The Early Years Entitlement for Disadvantaged and working 2-year-olds.

Activities for 2025/26	2025/26 Hourly Rate
Universal Base Rate	£7.41

Lincolnshire's funding for the most disadvantaged 2-year-olds in 2025/26 has increased by £0.33p per hour to £7.41 per hour per child from the original 2024/25 rate of £7.08p. The funding for working 2-year-olds is also set at £7.41 per hour per child for 2025/26.

Deprivation Supplement (2-year-olds)

For the 2-year-old entitlements, the Local Authority is expected to ensure funding for deprivation is reflected in the approach, recognising the additional costs associated with supporting children from disadvantaged backgrounds. This can be achieved through the deprivation supplement.

In Lincolnshire, we propose to use a single 2-year-old formula for base rate funding for children accessing under the disadvantaged and working criteria and then apply a deprivation supplement of the children accessing under the disadvantaged criteria.

The Government determines that 2-year-olds can get free childcare if they live in England and where families are in receipt of specific economic benefits related criteria, including income support, job seekers allowance, universal credit, etc.

An additional £0.19p per hour supplement will be applied to the rate for disadvantaged 2-year-olds for their hours of attendance. This will support any additional costs providers may have when supporting these children and will offer an additional £108.30 supplement where disadvantaged children access their full entitlement across the year.

Early Years Special Educational Needs (SEN) inclusion funding (2-year-olds)

Local Authorities are required to have SEN inclusion funds for all children including 2-year-olds with special educational needs (SEN) who are taking up the free entitlements, regardless of the number of hours taken. This funding is intended to support the Local Authority to work with providers to address the needs of individual children with SEN.

The inclusion funding model provides a top-up payment to support providers additional costs. As per the 3- and 4-year-old inclusion table identified above, a fixed rate of £4.20 and £2.10 will be applied for 2-year-olds. These rates support providers to source resources, equipment, training or even fund small group support linked to the specific child's needs. It is not intended to provide individual full-time support.

Fluctuation Contingency Fund (2-year-olds)

Lincolnshire will hold a fluctuation contingency for 2-year-olds fund to bridge the gap between the EYNFF monies received by the Local Authority and the participation-led system paid out to providers.

Children continue to be offered a place based on specific Government defined criteria relating directly to an individual family's economic circumstances. The criteria can be found here:

[Help paying for childcare: Free education and childcare for 2 year olds if you get extra support - GOV.UK](#)

Payments will be made as per the 3- and 4-year-old participation-based funding process and will mirror the way that entitlement is paid. Therefore, this funding will be distributed

according to actual participation hours up to the 15 hours for disadvantaged parents and 30 hours entitlement for working parents.

7. Early years entitlement for under 2's for working parents (from 1st September 2024)

For the 2024/25 financial year and beyond, the DfE have introduced a new national funding formula for working parents for children aged 9 months up to and including 2-year-olds. This is referred to as under 2's funding. This funding has been implemented from the 1st September 2024.

The hourly rate for under 2-year-olds in 2025/26 is £10.18 per hour per child. For the purposes of calculating the illustrative national allocations total in 2025/26, the DfE have used an estimated number of children aged 9 months up to but not including 2-year-olds of working parents who are eligible to take up 15 hours of free childcare, while actual take up is unknown.

Deprivation Supplement (Under 2's)

This cohort of children from 9 months will be eligible to receive the funding entitlement based on families meeting working criteria. As these families are not linked to a disadvantaged criteria, the Local Authority has decided a deprivation supplement will not be applied to the formula for 9 months to maintain a higher base rate to support providers' delivery costs.

Early Years Special Educational Needs (SEN) inclusion funding (Under 2's)

Lincolnshire has applied the same approach to the funding method for children from 9 months. The inclusion funding model provides a top-up payment to support providers additional costs. A fixed rate of £4.20 and £2.10 will be applied across all funding streams. These rates support providers to source resources, equipment, training or even fund small group support linked to the specific child's needs. It is not intended to provide individual full-time support.

Fluctuation Contingency Fund (Under 2's)

The Local Authority has allocated funding for a fluctuation contingency fund before determining the funding rate to providers to avoid overspends occurring on this budget. To provide protections to this budget, in particular the funding required to meet the supplements and central budget, an 80% participation level has been applied to the DfE indicative PTE places due to the risk factor of participation levels. This funding has been added to contingency to provide a level of prudence within the budget setting.

Special Schools Funding

Special Schools continue to be funded through Lincolnshire's funding formula that was originally implemented in 2011/12. The LA introduced funding changes in 2018/19 to ensure the appropriate level of resources continue to meet the needs of its pupils in the changing

demographics of Lincolnshire special schools. These changes updated bands for the pupils at each school (in line with November 2024 class lists). The fundamental principles and formula for funding special schools continue to remain strong and fit for purpose and are adaptable to the changing landscape of pupil needs.

Lincolnshire's special schools funding formula identifies an indicative budget share, which is then presented into the DfE's place and top up arrangements. This will include the agreed band percentage profiles as a result of the revised pupil bands that were updated in November 2024.

For 2025/26 Lincolnshire's special schools funding formula has been reviewed and there has been no increase in formula values to reflect the increase in staff costs for prior years. This is due to these costs being captured within the Core Schools Budget Grant (CSBG). Budget sustainability is important for the sector and the Local Authority is acutely aware of the rising costs faced by schools.

To simplify the administration of the continuation of the 2024/25 Teachers' Pay Additional Grant (TPAG), the 2024/25 Teachers' Pension Employer's Contribution Grant (TPECG) and the 2024/25 Core Schools Budget Grant (CSBG), the DfE have combined them into a single CSBG for 2025/26. It should be noted that this funding is not intended to cover the employers' national insurance contributions increase from April 2025. Further information about funding these costs will be published by the DfE at a later date. The CSBG funding rate for 2025/26 is £2,054 per place based on the 2024/25 and 2025/26 academic year agreed place numbers. Schools can forecast to see this funding in future years, for financial planning purposes. For 2025/26, LAs must separate out this funding stream, i.e. outside the schools core funding (place and top up). To further support costs in 2025/26, LAs are required to continue allocating an amount that is equivalent to 3.4% of the estimated total grant funding of the school. The determination of the total grant value is based on the 2025/26 agreed place numbers and average 2024/25 funding per place value. Split site funding, if applicable, is also considered within the total grant funding. Schools can forecast to see this funding in future years, for financial planning purposes. For 2025/26 LAs must separately identify these allocations i.e. outside the schools core funding (place and top-up).

In 2025/26, the DfE Minimum Funding Guarantee (MFG) is +0% comparing 2024/25 funding levels to 2025/26. This is to be based on a like-for-like comparison with a special school's overall budget in 2024/25. Using the 2025/26 formula factor values and 2024/25 pupil data, the total budget is required to increase by +0% from the published 2024/25 funding levels. The DfE High Needs additional funding allocation and the CSBG are treated outside of this MFG calculation. All special schools passed this test.

The DfE require special schools to be funded through a 'place-plus' approach from the higher needs block within the Dedicated Schools Grant (DSG). Special schools will receive a base level of funding of £10,000 per planned place for their provision, plus top up funding that is derived from Lincolnshire's agreed funding formula.

Place Led Funding

The DfE has simplified the places approach by moving to a lagged funding system i.e. place funding for the following academic year would typically reflect the latest autumn numbers / places. Therefore, for the 2025/26 financial year, the place numbers were agreed as part of the Autumn 2024 DfE place return.

The place numbers for pre and post-16 fund the following periods for the financial year 2025/26:

- AY 2024/25 places: pre-16 (April 25 - August 25) and post-16 (April 25 - July 25);
- AY 2025/26 places: pre-16 (September 25 – March 26) and post-16 (August 24 – March 26);

Place-led funding is reviewed on an annual basis. The place-led funding does not follow the pupil (as with top up funding); therefore, the £10,000 component provides an element of financial stability to the school for the financial year 2025/26. This place-led funding will not be withdrawn from schools in the financial year.

Top up Funding

The top up funding for a school will be paid directly to the educating institution by the LA commissioner (this will usually be Lincolnshire County Council). Top up funding will follow the child, therefore only indicative top up funding allocations can be provided to schools at the start of the financial year (in line with DfE requirements).

Each school will have a different top up rate, as this represents each school's banded profile and school's characteristics.

Where pupils are placed from other LAs, the commissioning LA will pay funding directly to the school based on Lincolnshire's agreed values. It is the school's responsibility to claim this funding from the relevant LA.

Top up Funding In-Year Adjustments and Commissioned Places

A special school number on roll can fluctuate during the year. The indicative top up funding assumes that the number of agreed places will be fully utilised with pupils throughout the financial year. Since the top up funding follows the child, this indicative top up funding may change.

Through the creation of a lagged funding system (namely, places), special schools with changing pupil numbers (both downwards and upwards) will be required to use the in-year adjustments schedule within the medium-term finance plan to understand the funding implications.

The LA has a system in place that is responsive to provide sufficient funding to enable schools to meet the child's needs (marginal costs) where numbers increase above the agreed places. Where the number of placement weeks exceeds the indicative top up funding total weeks per term, the school will receive commissioned place funding for those weeks. Based on the average band of the school (less Band G).

The level of funding allocated through this route would equate to the same level of banded funding had the places been increased at the start of the year and the pupil remained at the school throughout the period. This is purely a timing difference and funding is released in the correct financial year.

Top up funding will follow the child, therefore adjustments will be made to reflect real-time movements (adjusted on a termly basis). This was a fundamental change to the approach of Lincolnshire's special schools funding formula implemented in 2011/12. Previously, funding was not removed mid-year from special schools, therefore the DfE approach creates an element of financial uncertainty and one that requires special schools to review the 'indicative' budget share to ensure the medium-term financial planning incorporates the various scenarios, and schools have plans in place to respond such challenges. Where the number of placement weeks is lower than the indicative top up funding total weeks per term, the school will have top up funding removed for those weeks (based on the schools top up value). This will form part of the termly adjustment process.

All special schools are required to submit a termly return detailing the number of pupils present in the school each week, which will enable the LA to adjust the total top up funding accordingly.

Special Schools funding adjustments will take place on a termly basis in arrears. The summer term activity adjustment will be processed in the autumn term; the autumn term activity adjustment will be processed in the spring term. January and February activity adjustments will be paid in March. An estimate of March activity using February data will also be paid in March, however, a final adjustment for the actual March participation will be made in the new financial year if required.

Please see below examples:

School A Example – Actual Participation is less than Indicative Participation:

Places 50 £500,000

Top up £6,000 £300,000 (indicative)

If, from the first week in April, the pupil numbers fall to 49 for the summer term (i.e. 13 weeks), the following adjustments will take place for the summer term top up funding, which is processed in the Autumn term:

13 weeks x 50 pupils = 650 indicative pupil weeks (summer term)

13 weeks x 49 pupils = 637 actual pupil weeks (summer term)

Difference is 13 pupil weeks

13 (pupil weeks lost) / 38 (annual weeks) x £6,000 (top up value) = £2,053 funding reduction

School A indicative top up funding has been reduced to £297,947.

School A Example – Actual Participation is higher than Indicative Participation

Places 50

Average Band Value £9,000 Commissioned place

If, from the first week in April, the pupil numbers increased to 52 for the summer term (i.e. 13 weeks), which is above the place funding of 50, the following budget adjustment will take place for the summer term funding, which is processed in the Autumn term:

$26 \text{ (additional pupil weeks)} / 38 \text{ (annual weeks)} \times £9,000 \text{ (commissioned places)} = £6,158$

School A's funding total will increase by £6,158 above the agreed places and indicative top up funding for that term. Note the commissioned place funding will be different for each special school.

Band Profile

A full moderation exercise of schools band profiles took place during 2017. This has now been updated in line with current class lists (as at November 2024) for the 2025/26 financial year funding.

These band classifications have been recorded against our pupil records and will be continuously updated as a result of any further agreed changes in need. Guidance has been distributed to assist schools in understanding the special school placement process, including details of the band descriptors, and how to request a change to a pupil band through the Annual Review meeting. To ensure pupil-led funding continues to reflect pupils' needs in the school and are updated on an annual basis, a pupil data snapshot will then take place in the autumn term, which will determine the banding funding in the school for the following financial years' budget share. This is a move away from undertaking a pupil moderation process every year.

Maintained Schools' Budget Shares

Maintained special schools place funding will be transferred as a virement, whereas the top up element of funding will be actioned via recharge code in monthly instalments. Any in-year adjustments will be adjusted on a termly basis to reflect pupil number changes, based on the school's completed return, (see top up section above for more information), and these will also be made via a recharge code. Payment profiles will be issued to maintained schools in April 2025 to assist with their budget planning.

Outreach

Contracts have been established for the two schools commissioned to undertake outreach arrangements. These run up to August 2027.

Gosberton House (Learning Difficulties) - £617,500

St Francis (Physical Difficulties) - £152,515

In Year Funding

Higher Needs Top Up

- adjustments made termly to original allocation

Higher Needs Targeted

- adjustments made termly to original allocation

Intervention

- funding available from the Education Team
- schools must meet criteria (need for improvement/deficit)
- school must submit Intervention Funding Bid

Prevent Exclusion

- funding allocated by the Children's Team to prevent pupils being excluded

Re-organisation

- funding to help schools to support the LA provision of sufficient school places (typically temporary increases of PAN either for one or more year groups or permanent increase in PAN)
- requested by Admissions and Education team

Special School Adjustments

- adjustments of funding based on increase or decrease of planned places

Admissions and Exclusions

- funding adjustment (admissions) for taking in an excluded pupil or funding recovery (exclusions) for permanently excluding a pupil
- adjustment is calculated using pro rata formula