

Report to accompany Decision
record ref: LT/001/2025

Wards: All Wards

Hull Schools Funding Formula 2025- 2026

Report of the Corporate Director for Children, Young People and Family Services

Report Status:

This item is not exempt

Therefore exempt reasons are not applicable

1. Purpose of the Report and Summary

1.1. To seek approval for the Hull Schools funding formula to fund all Hull schools and academies for the 2025 - 2026 financial year.

2. Recommendations

2.1 That the Council approves the schools funding formula for the 2025-2026 financial year, and that the formula factor values match to the National Funding Formula (NFF) values, that £629k (0.25%) is transferred to support the High Needs block, and sets a Minimum Funding Guarantee (MFG) at -0.5% and a cap on gains of 1.13%.

3. Reasons for Recommendations

3.1 The recommendation above for the Schools Funding Formula sets funding at the lowest Minimum Funding Guarantee allowable to ensure funding is more equitably distributed among schools, negatively impacting the least number of schools possible. The recommended transfer to support the High Needs block and the cap on gains are consistent with the decisions made in previous years since the introduction of the National Funding Formula (NFF). 2025-2026 is the third year of transition to the direct school NFF by the DfE, the recommendations support this transition and would provide further stability in the system.

Consultation has again taken place with all schools and academies via the Learning Partnership during November/December 2024 and a paper was taken to the Schools Forum on the 10th January 2025. The Schools Forum agreed a transfer of £629k funding to the High Needs block and also recommended the Minimum Funding guarantee of -0.5% alongside a cap on gains of 1.13% for schools and academies. These are required in 2025-2026 to ensure the formula is affordable within the funding allocated.

4. Key Organisational Impacts

- 4.1 Impact on other Executive Committees (including Area Committees) and decision makers:
 - 4.1.1 There is no impact on other Executive Committees
- 4.2 Contribution to the delivery of the Community Plan, the Council Plan and/or Area Plans:
 - 4.2.1 The decision supports the Community Plan ambition to make Hull a Child Friendly City and a place where lifelong learning is valued, and to provide high quality inclusive education.
- 4.3 Impact on other key strategies/business plans:
 - 4.3.1 The decision supports the commitment to provide high quality inclusive education and support to vulnerable learners in the city.
- 4.4 Equalities Impact Information
 - 4.4.1 There are no impacts on protected equalities characteristics.

6. Consultation

- 6.1 In November and December 2024 schools and academies were consulted both directly and via the Hull Learning Partnership. The results were discussed with the Schools Forum, and both the consultation and Forum supported a transfer to the High Needs block, a -0.5% MFG and a cap on gains of 1.13%.

7 Background

- 7.1 The National Funding Formula (NFF) for schools and High Needs was introduced by the DfE and implemented from April 2018. The NFF provides funding based on a formula for each block of the Dedicated Schools Grant (DSG). It also allows limited movement between the blocks

8 Issues for Consideration

8.1. 2025-2026 is the second year of the DfE moving towards a direct NFF. A direct NFF means that there will be very limited decision making at a local level. Therefore, the flexibility allowed to LAs in 2025-2026 is being reduced, with the following tightening restrictions in place:

- LAs only allowed to use NFF factors and must use all NFF factors except local premises factors.
- Local formulae factors must move 10% closer to NFF values.

8.2. Hull’s formula factor values are all within 2.5% of the NFF factor values, and are therefore deemed to mirror the NFF for the purpose of the tightening criteria. Therefore, Hull cannot set formula values that do not match NFF formula factor values. The only local flexibility remaining is with the level of MFG and cap on gains.

8.3. The DfE have set values for each funding factor and use these to calculate a NFF for each school, using 2024-2025 NFF as a base. Grants made during 2024-2025 have also been added into the schools’ baseline funding, including the Teachers’ Pay Additional, the Teachers’ Pension Employer Contribution and the Core Schools Budget grants. The total funding of all schools is amalgamated to calculate a Primary and Secondary ‘Unit of Funding’ for each authority. These ‘Units of Funding’ are multiplied by the October 2024 pupil numbers to provide the total allocations to the Authority. Local Authorities, in consultation with their Schools Forum, have the power to set their local schools’ formula.

8.4. The Department for Education (DfE) released the data based on the October 2024 pupil census in late December 2024. This provides final 2025-2026 funding totals for the Dedicated Schools Grant (DSG) and the data to be used to calculate 2025-2026 funding allocations for all Schools and Academies.

Figure 1: Schools Block Funding –

								Includes TPAG, TPEGG 2024 and	
								Includes MSAG	
								Includes Supplementary Grant	
								Including Pay & Pensions Grant	
	2017-2018 Baseline (Pre NFF)	2022-23	% Increase 21-22 to 22-23	2023-24	% Increase 22-23 to 23-24	2024-25	% Increase 23-24 to 24-25	2025-26 NFF Yr 6	% Increase 24-25 to 25-26
PUF		£4,795	2.54%	£5,052	5.36%	£5,316	5.22%	£5,736	7.90%
SUF		£6,294	2.61%	£6,626	5.27%	£6,994	5.55%	£7,562	8.12%
Pupil No's *	35,528	37,890	0.42%	38,252	0.96%	38,681	1.12%	38,681	0.00%
Total funding ** £'000's	£164,942	£208,747	2.88%	£223,455	7.05%	£238,429	6.70%	£256,599	7.62%

* 2025-2026 based on October 2023 numbers

8.5. The proposed Hull School Funding Formula is attached at **Appendix 1** and **Appendix 2**. The analysis shows the total funding available to be delegated to

schools, school by school funding and the values proposed to be used for each formula factor. It is proposed to have a -0.5% Minimum Funding Guarantee (MFG) and 1.13% gains cap, compared to 2024-2025 funding. This analysis is based on the October 2024 data set.

8.6. The Schools Forum agreed to transfer funding to the High Needs block in 2025-2026. This will support both the higher numbers of pupils with SEND and the higher proportion of pupils in specialist provision to enable:

- Further work on an updated inclusion strategy, and early intervention strategy.
- Support during the implementation phase of the DBV (Delivering Better Value) programme.
- Support with the ongoing implementation and transitional arrangements for the new banding structure, which makes higher banding available for more complex pupils within mainstream settings with transitional arrangements in place for two years.

8.7. **Appendix 1** and **Appendix 2** provide funding for schools and academies they show that the formula fully matches NFF.

8.8. The Authority has submitted its provisional school funding formula to the DfE on the 22nd January 2024, political ratification of this must be granted by the 26th February 2025.

9. Options and Risk Assessment

9.1. An alternative funding option could be considered; however due to the tightening criteria introduced by the DfE in the move to a direct NFF, the options are very limited. The only options that can be adjusted are the MFG and cap on gains. The flexibility within the MFG is only -0.5% to 0%, and the value selected for MFG directly impacts the resulting Cap on Gains %. Agreeing a different funding option would not be in line with recommendations from the Schools Forum.

9.2. The formula must be agreed prior to the 26th February 2024 to ensure schools and academies are provided with their 2025-2026 funding in sufficient time.

9.3. The formula presents no financial risk to the Authority as it will distribute the funding available from the Dedicated Schools Grant to schools and academies.

10. Comments of the Monitoring Officer (Town Clerk)

10.1. The Local Authority is required by Chapter 2 of part 4 of the School Standards and Framework Act 1998 and regulation 10 of the School and Early Years Finance (England) (No 2) Regulations 2018 (the finance regulations) to determine school budget shares for schools within its area.

The local authority must, by 28th February 2023, make an initial determination of its schools budget and give notice of that determination to the governing bodies of the schools which it maintains and the local authority is required report its funding formula to the DfE by 28th February 2020. The Local Authority must consult with its Schools Forum (regulation 9 of the finance regulations) prior to deciding the formula for determining school budget shares. Guidance (Schools Operational Guide: 2023 to 2024) and terms of grant issued by the Secretary of State under the Education Act 2002 set out the basis and terms on which local school formula should be determined. The Local Authority has consulted with the Schools Forum and the formula is within the parameters set by the finance regulations, the terms of grant and guidance referred to above and the recommendation to adopt the determination is supported. (PG)

12. Comments of the Section 151 Officer (Director of Finance and Transformation)

- 12.1. The recommendations to distribute the Dedicated Schools Grant across Hull Schools, based on the National Funding Formula values, which after consultation is in line with the views of the majority of schools, can be supported (KC).

13. Comments of the Assistant Director OD & HR and compliance with the Equality

Duty

- 13.1. There are no staffing or equality issues arising from this decision. KH

12. Comments of Overview and Scrutiny

- 14.1. This decision has not been subject to pre-decision scrutiny. Ref: Sc7225 [MK].

13. Comments of the Portfolio Holder for Learning, Skills and Safeguarding Children

- 13.1 As the Portfolio Holder i support the recommendation to approve the school funding formula for the 2023-24 financial year. This decision has been fully discussed and agreed at the Hull Schools Forum.

Report of the Corporate Director Children, Young People and Family Services

Contact Officer: Jane Richardson Telephone No.: 610000

Officer Interests: None

Background Documents: - None

Implications Matrix

This section must be completed and you must ensure that you have fully considered all potential implications

This matrix provides a simple check list for the things you need to have considered within your report

If there are no implications please state

I have informed and sought advice from HR, Legal, Finance, Overview and Scrutiny and the Climate Change Advisor and any other key stakeholders i.e. Portfolio Holder, relevant Ward Members etc prior to submitting this report for official comments	Yes
I have considered whether this report requests a decision that is outside the Budget and Policy Framework approved by Council	Yes
Value for money considerations have been accounted for within the report	Yes
The report is approved by the relevant Director/Assistant Director	Yes
I have included any procurement/commercial issues/implications within the report	Yes
I have considered the potential media interest in this report and liaised with the Media Team to ensure that they are briefed to respond to media interest.	Yes
I have included any equalities and diversity implications within the report and where necessary I have completed an Equalities Impact Assessment and the outcomes are included within the report	Yes
Any Health and Safety implications are included within the report	Yes
Any human rights implications are included within the report	Yes

I have included any community safety implications and paid regard to Section 17 of the Crime and Disorder Act within the report	Yes
I have liaised with the Climate Change Advisor and any environmental and climate change issues/sustainability implications are included within the report	Yes
I have considered how the decision may contribute or impact on culture and heritage within the city.	Yes
I have included information about how this report contributes to the Community Plan/ Area priorities within the report	Yes
I have considered the impact on air quality, carried out an appropriate assessment and included any resulting actions or opportunities necessary to improve air quality in the report.	Yes