
Consultation 2026/27: Schools Funding Formula

Report being considered by: Heads' Funding Group on 1st October 2025

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Item for: Decision **By:** All Forum Members

1. Purpose of the Report

- 1.1 To set out the requirements and changes for setting the primary and secondary school funding formula for 2026/27 and to approve West Berkshire Council's funding proposals to go out to consultation with all schools.
- 1.2 In previous years, the DfE has announced provisional financial settlement information for each LA for the upcoming financial year by the end of July. This generally includes confirmed NFF per pupil funding rates to be paid to each individual LA and details of how funding rates and any other elements of the Funding Framework have changed.
- 1.3 The 2026-27 schools NFF will use the same factors as the 2025-26 NFF. However, the notional NFF allocations for schools for 2026-27 are yet to be published. It is expected they will be published in Autumn 2025, delayed due to the multi-year spending review concluding in June 2025. Due to the delay in the confirmation the NFF factor values, a modelling authority proforma tool (APT) for 2026/27 will not be provided.
- 1.4 A key feature of the budget setting process is the consultation with schools. This takes place each year for the Schools Forum to consider the outcomes early in the autumn. Despite the lack of notional allocations and confirmed factor values, it is important to still seek views from schools on the relevant areas of the budget that remain subject to local decision making.

2. Recommendations

- 2.1 Recommend to Schools Forum the consultation to be undertaken with all schools on:
 - (1) West Berkshire Council's proposed school funding formula for 2026/27
 - (2) An up to 0.5% transfer from the Schools Block to other funding blocks
 - (3) The criteria to be used to allocate additional funds
 - (4) The proposed services to be de-delegated.
- 2.2 The proposed areas of consultation will be decided by Schools Forum at its meeting of 13 October 2025. The consultation will be open for just over three weeks from 15 October 2025 to 7 November 2025. The principle consulted on and adopted in previous years, is to mirror as closely as possible to the NFF.

| Is the Schools' Forum required to make a decision as part of this report or subsequent versions due to be considered later in the meeting cycle? | |
|--|------------------------------|
| Yes: <input checked="" type="checkbox"/> | No: <input type="checkbox"/> |

3. Implications and Impact Assessment

| Equalities Impact: | Positive | No Impact | Negative | Commentary |
|--|------------------------------|-----------|----------|------------|
| A Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality? | | x | | |
| B Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users? | | x | | |
| Data Impact: | | x | | |
| Consultation and Engagement: | Schools Accountancy officers | | | |

4. Introduction

- 4.1 2026/27 is the fourth year of transition to the direct schools National Funding Formula (NFF). Each Local Authority (LA) will continue to have some discretion over their schools funding formulae, in consultation with local schools.
- 4.2 The LA will remain responsible for determining final allocations to schools, in consultation with the Schools Forum. Political ratification must be obtained before the end of January 2026 deadline for submission.

5. National Funding Formula

- 5.1 2026/27 is the fourth year of transition to the direct schools NFF. Local authorities:

- (1) Must use all NFF factors other than the following optional factors: rates, PFI contracts and exceptional circumstances
- (2) Will only be allowed to use NFF factors in their local formulae.
- (3) Must move their local formula factor values at least 10% closer to the NFF, except where local formulae are already 'mirroring' the NFF.
- (4) Will continue to set a minimum funding guarantee in local formulae
- (5) Will again be able to transfer up to 0.5% of their total schools block allocations to other blocks of the DSG, with Schools Forum agreement. Without Schools Forum agreement, or where they wish to transfer more than 0.5% of their schools block funding into one or more other blocks, local authorities must submit a disapplication request to the Secretary of State.

5.2 School funding through the NFF per pupil increases have yet to be confirmed in 2026/27.

5.3 High needs funding increases are yet to be announced for 2026/27.

5.4 The DfE recognises that some authorities still cannot afford to pay off the historic deficit from the DSG over the next few years. The DfE runs three programmes offering direct support to ensure effectiveness and sustainability of local authorities' high needs systems. West Berkshire is in group b, DBV.

(a) Safety valve

(b) Delivering better value in SEND (DBV)

(c) ESFA support programme.

5.5 Central schools services funding in 2026/27 is yet to be announced. This funds the ongoing responsibilities that LAs deliver for all pupils.

6. Schools funding allocation

6.1 Yet to be announced. Expected in the Autumn.

7. Local Formula

7.1 All schools and the Schools Forum will be consulted on the formula but it remains a Local Authority decision on how the funding is allocated to schools through the formula factors. There is no requirement to stick to the NFF rates but must use all the mandatory factors.

8. Block Transfers

8.1 Local authorities continue to be able to transfer up to 0.5% of their schools block to other blocks of the DSG, with Schools Forum approval.

8.2 Without Schools Forum agreement, or where they wish to transfer more than 0.5% of their schools block funding, local authorities must submit a disapplication request

to the Secretary of State by 17th November 2025. Evidence of Schools Forum discussion and voting would need to be provided.

- 8.3 The growth in the DSG deficit continues to be a significant challenge. The deficit grew from £9.5m in 2023/24 to £16.1m in 2024/2 and is forecast to reach £29.8m by the end of 2025/26. This is driven by the challenges in the High Needs Block and consideration should therefore be given as to whether to support a block transfer for 2026/27.

| Reserve Balances (surplus)/deficit | 1.4.2024 Actual | Movement | 1.4.2025 Actual | Forecast Movement | 31.3.2026 Forecast |
|------------------------------------|--------------------|--------------|--------------------|----------------------|-----------------------|
| | £m | £m | £m | £m | £m |
| Schools Block | (1,090) | (57) | (1,146) | 57 | (1,090) |
| Early Years Block | 1,261 | (335) | 926 | (37) | 890 |
| Central School Services Block | 1 | (2) | (1) | (5) | (5) |
| High Needs Block | 9,336 | 8,536 | 17,872 | 13,663 | 31,534 |
| Clawback processed 24/25 | 0 | (1,518) | (1,518) | 0 | (1,518) |
| Grant changes | (58) | 58 | (0) | 0 | 0 |
| Total Deficit Balance | 9,450 | 6,682 | 16,132 | 13,678 | 29,811 |

- 8.4 Block transfers need to be approved annually. Transfers have previously been approved in 2020/21 0.25% (£263k), 2021/22 0.5% (£549k), 2022/23 0.25% (£300k) and 2024/25 0.25% (£335k) to support the High Needs Block. No transfer was approved in 2023/24 or 2025/26.

9. Additional funds outside the School Formula

- 9.1 School funding regulations allow a few exceptional circumstances to be funded outside the formula and be top sliced from the DSG. The funds are:

- (a) Growth funding.
- (b) Funding for schools in financial difficulty (WBC discontinued).
- (c) Funding from the high needs block to allocate to schools which have a disproportionate number of high needs pupils.
- (d) A falling rolls fund (WBC discontinued).

Criteria for allocating these need to be agreed and are included in the consultation document at Appendix B and C.

10. De-delegations, Education Functions and Health & Safety Service (maintained schools)

- 10.1 De-delegated services are for maintained schools only. Funding for these services must be allocated through the formula but can be passed back, or 'de-delegated' for maintained primary and secondary schools with Schools Forum approval.
- 10.2 Education responsibilities held by local authorities for all schools are funded from the Central Schools Services Block of the DSG. Education responsibilities held by

local authorities for maintained schools only, are funded from maintained schools budgets, with agreement of the maintained schools members of schools forums.

- 10.3 In order to meet the requirements of the employer under the Health and Safety at Work etc. Act 1974 and the Management of Health and Safety at Work Regulations and other related legislation, a full schools health and safety service will be provided to all maintained schools. All maintained schools will need to agree to be part of this collective agreement to equitably fund the service.

11. Proposals

- 11.1 To approve the attached consultation to go out to all schools. The consultation will last for 3 weeks from 15 October 2025 to 7 November 2025.

12. Conclusion

- 12.1 Since the government intends to move towards a “hard” NFF formula it is logical for West Berkshire to continue to replicate these rates as far as possible.
- 12.2 When the actual allocation is received in December the formula will be allocated according to the principles above with political ratification being made in January 2026.

13. Appendices

- Appendix A: Briefing and Consultation document for schools.
Appendix B: Criteria for awarding Growth Funding
Appendix C: Criteria for allocating the Additional High Needs Fund