Consultation 2027/28: Schools Funding Formula

Report being considered by:	Schools' Forum
Date of Meeting:	12th October 2026
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Item for:	Decision **By:** All Forum Members

1. Purpose of the Report

1.1 The purpose of this report is to set out the proposed approach to the 2027/28 Schools Funding Formula and seek approval to consult with schools on those areas of funding that remain subject to local decision making.

1.2 At the time of writing, the Department for Education ("DfE") has not published the final 2027/28 National Funding Formula ("NFF") factor values or Dedicated Schools Grant ("DSG") allocations. However, local authorities are required to begin planning their funding arrangements and undertake consultation on matters where local discretion remains.

1.3 The consultation will seek views on:

- West Berkshire Council's ("WBC") proposed local funding formula.
- Possible transfer of funding from the Schools Block to the High Needs Block.
- Criteria for allocating additional funds outside the formula.
- Proposed de-delegated services.
- The methodology for calculating Notional SEN Budgets.

2. Recommendations

2.1 The Heads Funding Group recommends that the Schools Forum approve consultation with schools on:

1. Continuing to mirror the NFF as closely as possible.
2. Possible transfer of up to 0.5% of Schools Block funding to support High Needs pressures.
3. The proposed criteria for allocating Growth Funding.
4. The proposed criteria for allocating the Additional High Needs Fund.
5. Proposed de-delegated services for maintained schools.
6. The methodology used to calculate schools' Notional SEN Budgets.

2.2 The proposed areas of consultation will be decided by Schools Forum at its meeting of 12 October 2026. The consultation will be open for approximately three and a half weeks from 14 October 2026 to 6 November 2026. 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: ☒	No: ☐

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		N/A
B Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?		X		N/A
Data Impact:		X		N/A

4. Executive Summary

4.1 Background

The Government continues its move towards a fully national or "hard" funding formula for schools. Local authorities therefore have significantly less flexibility than in previous years and are expected to align their local formulae closely with NFF values.

WBC has historically adopted the principle of mirroring the NFF wherever possible and it is proposed that this remains the approach for 2027/28.

Whilst most formula factors are prescribed nationally, a number of important local decisions remain. These include:

- Whether funding should be transferred from the Schools Block to the High Needs Block.
- The operation of Growth Funding.
- The operation of the Additional High Needs Fund.
- De-delegated services for maintained schools.

- The calculation of Notional SEN Budgets.

These are therefore the principal subjects of the consultation.

4.2 National Context

DSG is allocated through four funding blocks:
- Schools Block
- High Needs Block
- Early Years Block
- Central Schools Services Block

The NFF determines how Schools Block funding is distributed between local authorities. Local authorities then distribute funding to individual schools through a local funding formula which must comply with DfE regulations.

The DfE has not yet published the final 2027/28 funding allocations or factor values. Final school budgets will therefore be determined once these allocations are received and updated pupil data becomes available.

4.3 Local Funding Formula

WBC 's long-standing approach has been to mirror the NFF as closely as possible.

This approach:
- Maximises transparency.
- Supports consistency with national funding policy.
- Simplifies the transition towards a hard NFF.
- Provides greater certainty for schools.

It is therefore proposed that WBC continues to mirror the NFF wherever possible in 2027/28.

Once final funding allocations are received from the DfE, any affordability adjustments will be implemented in accordance with the agreed local formula methodology.

4.4 Funding shortfall and surplus adjustments

Following the application of all funding factors, the resulting formula allocations may not exactly match the total Schools Block funding available. This can create either a surplus, where allocations are below the available funding, or a shortfall, where allocations exceed it. Examples include:

- Changes in pupil numbers between funding calculations and final allocations.
- The impact of protections such as the Minimum Funding Guarantee, which can increase allocations above the levels generated by the formula factors.
- Adjustments relating to growth funding, falling rolls funding, or de-delegated budgets.
- The inclusion of premises factors, such as split-site or rates funding, which may differ from initial estimates.
- Rounding differences when factor rates are calculated.

A balancing adjustment is therefore made to absorb any residual surplus or shortfall, ensuring that the full Schools Block allocation is distributed whilst remaining within the available funding envelope.

4.5 High Needs Pressures and Block Transfers

The High Needs Block continues to experience significant financial pressure as a result of increasing demand for SEND provision and rising costs of specialist placements and support.

The cumulative DSG deficit position is summarised below:

Year	DSG Deficit
2023/24 Actual	£9.45m
2024/25 Actual	£16.13m
2025/26 Actual	£24.9m
2026/27 Q1 Forecast	£38.4m

The deficit is largely attributable to pressures within the High Needs Block.

Local authorities may transfer up to 0.5% of Schools Block funding to another DSG block with Schools Forum approval. Any transfer above 0.5%, or any transfer opposed by Schools Forum, requires a disapplication request to the Secretary of State for Education.

The DfE expects local authorities to follow the national school funding timetable. For 2026/27, all disapplication requests were required to be submitted by 17 November 2025. A similar timetable is expected to apply for 2027/28, with the final deadline to be confirmed by the DfE in the annual Schools Operational Guide.

Evidence of Schools Forum discussion and voting must be included within the application, together with details of any consultation undertaken with schools and academies.

Approval of a block transfer by Schools Forum does not remove the requirement for annual consideration. Any transfer must be reviewed each year in light of the financial position of both the Schools Block and the High Needs Block.

A transfer would provide additional support for High Needs expenditure but would reduce funding available for distribution through the Schools Block formula.

The consultation will therefore seek views on the following options:

- No transfer.
- A transfer of 0.25% of Schools Block funding.
- A transfer of 0.5% of Schools Block funding.

Based on current estimates these options would equate to approximately £350k for 0.25% and £700k for 0.5% transfer.

The 0.5% transfer to the high needs block would support the increased banding rates paid for EHCPs, which were implemented in April 2026 for mainstream

schools. For 2026/27 WBC are forecasting £15.8m for mainstream school top up funding alone.

The transfer would also support the continuation of the of the mainstream transition funding in 2027/28 of £450k. For 2026/27 WBC have already committed £450k for this support.

A significant pressure on the High Needs Block continues to be Independent non-maintained specials schools (INMSS) placements. At Q1 WBC forecast to spend £11.3m on these placements.

The investments detailed above, reflect WBCs commitment to appropriately fund local provision, to reduce reliance on INMSS placements.

4.6 Additional Funds Outside the Formula

School funding regulations permit a limited number of funding arrangements to operate outside the mainstream funding formula.

(1) Growth Funding

Growth Funding forms part of the Schools Block allocation and supports:

- Growth in pupil numbers to meet basic need.
- Additional classes required to comply with infant class size legislation.
- The opening and expansion of schools.

Growth Funding is allocated to local authorities through a national methodology. The local authority determines the criteria used to allocate funding to schools. The proposed criteria are included in Appendix B.

(2) Additional High Needs Fund

Local authorities may use High Needs Block resources to provide additional support to schools with disproportionately high levels of need.

WBC currently operates an Additional High Needs Fund which is allocated through an agreed formulaic methodology. The proposed allocation criteria are included in Appendix C.

Schools Forum approved an Additional High Needs Fund budget of £272,000 for 2026/27 in recognition of increasing levels of need across the borough.

4.7 De-delegation and Maintained School Services

Certain services may be funded through de-delegation for maintained schools only.

Funding is initially allocated through the formula and then returned to the local authority where Schools Forum approval has been obtained.

The services currently proposed for de-delegation are:

Primary and Secondary Maintained Schools

- Trade Union Local Representation
- CLEAPSS

- Statutory & Regulatory Duties (Statutory accounting functions, Internal audit, Pension administration & Health and Safety)

Schools Forum maintained school representatives will determine whether these services continue to be de-delegated in 2027/28.

4.8 Consultation on the Notional SEN Budget Methodology

Primary and secondary schools are notified each year of a clearly identified, but notional, SEN budget within their overall budget allocation.

Local authorities are responsible for calculating the amount of this notional budget with reference to the funding formula factors. The notional SEN budget is intended as a guide for a school's spending decisions and should not be seen as a target or a constraint on the schools duty to use its 'best endeavours' to secure special provision for pupils with SEN.

Schools are expected to contribute towards the costs of special education needs provision up to a threshold of £6,000 per pupil per annum. The notional SEN budget is not intended to provide £6,000 for every pupil with SEN, as most support for such pupils will cost less than this. There is currently no national approach to the calculation of a school's notional SEN budget.

According to "The notional SEN budget for mainstream schools: operational guidance 2026 to 2027" released, DfE states that they would expect the notional SEN budget to include:

Funding factors	**DfE guidance [1]**	**2026-27 WBC allocation %**
Basic per-pupil entitlement	Small part	4.0%
Deprivation funding	Larger proportion	30.0%
Low prior attainment	Majority or whole of the factor	100.0%

This results in an overall Notional SEN allocation of approximately 11.1% of Schools Block formula funding, whereas national average of 12.5%[2].

The percentages applied to each funding factor for the purpose of calculating Notional SEN are determined by the local authority as part of the annual schools funding formula process. These percentages do not affect the total funding allocated to schools; rather, they identify the proportion of schools' delegated budgets that is considered available to support SEND provision.

Any proposed changes to the Notional SEN methodology are considered through the authority's annual funding formula review and are subject to consultation with schools and discussion by Schools Forum. The local authority is responsible for making the final decision on the funding formula and submitting the approved methodology to the DfE through the Authority Proforma Tool (APT).

[1] Paragraph 3 The notional SEN budget for mainstream schools: operational guidance 2026 to 2027 - GOV.UK

[2] Figure 3 Schools block funding formulae 2026 to 2027 - GOV.UK

4.9 Consultation Questions

Subject to Schools Forum decision, Schools will be asked to respond to the following questions:

1. Do you agree that West Berkshire should continue to mirror the National Funding Formula as closely as possible?	• Yes • No
2. Do you agree that any funding shortfall or surplus should be managed through adjustment of Basic Entitlement values?	• Yes • No
3. What level of Schools Block transfer would you support?	• 0% • 0.25% • 0.5%
4. Do you agree with the proposed criteria for allocating additional funds outside the formula?	• Yes • No
5. Do you agree with the proposed de-delegated services for maintained schools?	• Yes • No
6. Do you agree that the current Notional SEN methodology should continue for 2027/28?	• Yes • No

The consultation will last for approximately three and a half weeks from 13 October 2026 to 6 November 2026.

5. Consultation and engagement

5.1 s151 Officer and Service Director for Education.

6. Conclusion

6.1 The continuing move towards a hard NFF significantly limits local flexibility over school funding arrangements.

WBC has historically mirrored the NFF as closely as possible and it is proposed that this remains the basis for the 2027/28 formula.

Subject to approval by Schools Forum, a consultation will be undertaken with all schools during Autumn 2026 and the results will be used to inform final funding decisions for 2027/28. Political ratification on the principle will be obtained prior to submission.

7. Appendices

7.1 Appendix A – Briefing and Consultation document for schools

7.2 Appendix B – Criteria for awarding Growth Funding

7.3 Appendix C – Criteria for allocating the Additional High Needs Fund