

SCHOOLS FORUM



Report subject	Mainstream School Funding 2026-27
Meeting date	19 January 2026
Status	Public
Executive summary	This report sets out the outcome of applying the 2026-27 National Funding Formula (NFF) to the October 2025 schools census data and options for the local mainstream school formula due to the £0.15m shortfall in the Dedicated Schools Grant (DSG) schools block funding.
Recommendations	It is RECOMMENDED for SCHOOL MEMBERS only to consider the options for the 2026-27 mainstream formula set out in paragraph 15 and agree a recommendation to Council.
Reason for recommendations	The Schools Forum must be consulted on the local mainstream school funding formula and make a recommendation to Council.
Portfolio Holder(s):	Councillor Richard Burton, Children, Young People, Education and Skills
Corporate Directors	Cathi Hadley, Director of Children's Services
Report Author	Nicola Webb, Assistant Chief Finance Officer nicola.webb@bcpcouncil.gov.uk Steve Wade Management Accountant for Children's Services steve.wade3@bcpcouncil.gov.uk
Wards	Council-wide
Classification	For Decision

Background

1. Final 2026-27 DSG funding for the school block to fund mainstream schools totals £292.8m (NFF £291.9m and growth fund £0.9m).
2. The council is responsible for setting the funding formula for mainstream schools for reception to year 11, after taking account of the recommendations of the School's Forum which in turn should be based on the views of schools.
3. The local formula to pass funding on to mainstream schools must be designed to a DfE template, the authority pro-forma tool (APT), which is based on the NFF and provides detailed calculations and narrative. The APT must be approved by the DfE prior to budgets being notified to schools. The DfE ensure the budget calculations adhere to the

regulations, and any variations (dis-applications of the regulations) have the appropriate approvals from the Schools Forum and/or the DfE. No disapplication requests have been made this year and no DfE decisions are pending other than approval of the APT calculations after submission by 22 January.

- As part of the school block, Schools Forum is also responsible for deciding the mainstream school's growth fund policy and level of budget. Growth funding is applicable for only one school in 2026-27 and this meets the criteria set by the DfE for intrinsic growth as in previous years, with funding provided through the local formula. No central budget is needed for other (extrinsic) growth.

2026-27 NFF

- The 2026-27 mainstream school NFF detail is set out in Appendix 1 with factor values in Appendix 2. The NFF funding level for the council was calculated according to this formula applied to the October 2024 school census data to derive the primary and secondary phase units of funding. These units of funding have been applied to the October 2025 census pupil numbers.
- School budgets are calculated using school census data from October 2025. The data for pupil characteristics attracting funding is therefore reflected in the local funding formula allocations to schools one year before being funded through the NFF primary and secondary units of funding to allocate the DSG to councils.
- As more schools become fully funded according to the main formula, data changes at the October school census each year have greater impact on individual school funding levels and the overall cost of the local formula. There has been a growing trend since Covid for a greater proportion of pupils with funded characteristics and a shortfall in NFF funding resulting. In previous years unused growth funding was available to fill this gap and enable all schools to be funded according to the NFF.
- Previous trends have continued in the October 2025 school census data set, and the growth fund has reduced significantly, with the NFF is no longer affordable in full for all schools. The shortfall is estimated at £0.15m.

Table 1: School Block Funding 2026-27

Allocation of Funding	£000's
DSG school block funding allocation	292,823
DSG business rates deduction (DfE pay direct) in above*	(1,726)
DSG schools block funding net of business rates	291,097
Cost of NFF 2026/27 (net of business rates*)	(291,247)
School block funding shortfall for the NFF	150

*The DfE are responsible for funding business rates movements.

- A summary of the 2026-27 NFF funding positions for schools in comparison with the current year is provided in table 2 below with school level detail in Appendix 3a.

Table 2: Summary of 2026-27 NFF using data from October 2025 school census

Formula Position	2025-26 Number	%	2026-27 Number	%
MFG	14	15%	5	5%
MPPFL	28	31%	24	27%
Fully formula funded	49	54%	61	68%
Total	91	100%	90	100%

10. The number of schools funded by the main formula (those not needing top up allocations) has increased to 68%. Unit funding values for each factor have increased but there is no increase in the minimum per pupil funding levels (MPPFLs) and with the minimum funding guarantee (MFG) at 0% in the NFF.
11. The top up funding for the MPPFLs has reduced from £4m last year to £2.2m using the NFF for 2026-27, with the top up for the MFG reducing from £0.4m to £0.2m, as more schools move towards being fully formula funded.
12. The funding gap to close is small and formula adjustments within options will leave the school funding positions unchanged from table 2. Note that the MPPFLs are set out in the regulations and cannot be changed without DfE approval. These schools, therefore, must receive their NFF funding in full, with only top up funding varying within options.
13. The Schools Forum has been clear annually that all schools expect to receive their NFF allocations in full, if affordable, and only surplus funds are available for transfer to high needs. The DfE has also made clear that any further applications to the DfE that are outside the wishes of schools would be unsuccessful. No proposals have, therefore, been developed to transfer funding away from the schools block to support pupils with high needs.

Mainstream Formula Options 2026-27

14. As last year, the government announcements for the mainstream schools NFF were not made until late November 2025 with the DfE not providing the APT to enable modelling of options to commence until 17 December. The timescale for consultation with all schools has, therefore, been short and the outcome will be presented at the meeting.
15. To be made affordable the NFF could be adjusted by the following mechanisms:
 - a. Option 1 - Reducing any individual or all unit values within the 2.5% tolerance permitted. A reduction in the basic entitlements by an equal percentage of 0.09% has been modelled. This is to enable NFF funding to remain intact for pupils attracting additional funding.
 - b. Option 2 - Reducing the minimum funding guarantee (MFG) from the NFF 0% up to the permitted maximum reduction of minus 0.5% in per pupil funding. An MFG of minus 0.5% has been modelled but as the impact is on only five schools the balance of the shortfall has been made up by reducing the basic entitlements equally by 0.04%.
 - c. Option 3 - Introducing a cap on per pupil funding increases (either by scaling back all increases by an equal percentage or only those above a threshold). This has been modelled by capping growth at 3.33% per pupil to balance the funding.
 - d. Any combination of methods (a) to (c) above. This has not been included in the modelled options, but Schools Forum can express a view, for example, that option 2 should be applied but the MFG limited to minus 0.25% in place of minus 0.5% with the basic entitlements reducing by more to make up the shortfall.
16. A summary of modelled options compared with the 2026-27 NFF is included below in table 3. The highlighted values are those that change between each option. The top up funding needed to meet the MPPFLs increases in options 1 and 2 (because a factor value has reduced) but the overall funding level for these schools remains at the level provided by the NFF in all options. The school level detail for each option is included in the APT summaries in Appendix 3. Note that the school budget totals in the APT include business rates. Also note that the MFG top up allocations and reductions from capping appear in the same column in option 3.

Table 3: Summary of options compared with the 2026-27 NFF by formula factors

Formula Factors (all amounts include intrinsic growth funding*)	NFF (not fully affordable)	Option 1 basic entitlements reduced	Option 2 MFG negative maximised	Option 3 cap on gains
	£000's	£000's	£000's	£000's
Basic entitlement	229,672	229,463	229,580	229,672
Deprivation	25.729	25.729	25.729	25.729
EAL	2,961	2,961	2,961	2,961
Mobility	488	488	488	488
Low prior attainment	16.034	16.034	16.034	16.034
Lump sum	13,743	13,743	13,743	13,743
Split sites	159	159	159	159
Top up funding for MPPFL	2,229	2,283	2,253	2,229
Top up funding for MFG	233	238	150	233
Capped funding	n/a	0	0	(151)
Total Funding Required	291,247	291,097	291,097	291,097

* Funding for intrinsic growth is for Livingstone Academy where year groups are still being added in the primary phase.

17. School Members (which includes early years providers) are to consider the above options and make a recommendation to the council. The local funding formula for 2026-27 is scheduled to be agreed at the Council meeting on 10 February 2026 (but this may change to a later date to allow more time for the council's overall budget setting process to conclude).

Summary of financial Implications

18. The local mainstream formula is funded by the schools block of the DSG with factor values and mechanisms to allocate all available funding achieved by scaling back the NFF according to an agreed option.

Summary of legal implications

19. The requirements for the mainstream funding formula are set out in the DfE operational guide and school funding statutory framework. Formula options not compliant with the regulations have not been considered.

Summary of risk assessment

20. There remains a financial risk for the council from the unsustainable level of the high needs budget and accumulated DSG deficit. Government announcements are awaited regarding how this position is to be resolved.

Background papers

21. DfE DSG Settlement announcements 17 December 2025:

[dedicated schools grant \(DSG\) funding allocations for the 2026 to 2027 financial year](#)

Appendices

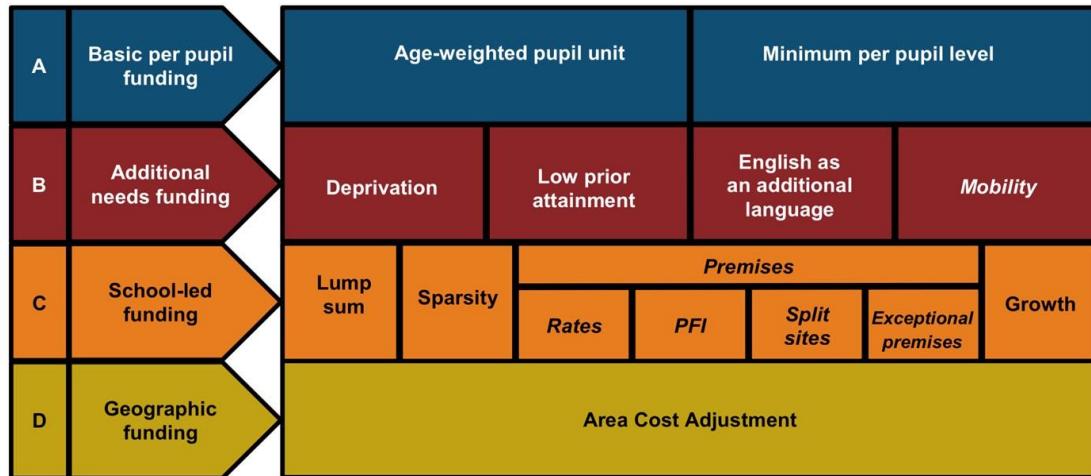
Appendix 1 Summary of the NFF 2026-27
 Appendix 2 Summary of NFF Factor Values 2026-27
 Appendix 3 School Level detail of local formula options 2026-27

Appendix 1

National Funding Formula (NFF) 2026-27

1. The NFF to provide funding for mainstream schools comprises factors as shown in Figure 1.

Figure 1: Factors in the schools national funding formula



2. The PFI factor and area cost adjustment are not applicable to BCP. The 2026/27 NFF factors and funding values are included in Appendix 2.
3. The minimum funding guarantee (MFG) in the NFF is set at 0% for 2026/27 but the local formula can set it between minus 0.5% and 0%. The MFG protects per pupil funding, not absolute funding.
4. The minimum per pupil funding level (MPPFL) provides an absolute minimum per pupil that cannot be varied without DfE approval.
5. Only limited movement away from the NFF funding values is permitted (plus or minus 2.5%) in setting the local formula. The range of unit values set for each formula factor are included in the APT along with the school data to ensure compliance.
6. As the proportion of schools funded by the NFF (rather than through the fixed MPPFL or MFG) has been increasing, data movements between years have a greater impact on the level of funding provided to schools through the local formula. The DSG schools block allocation will not reflect these data changes until 2027/28 as it uses data lagged by one year to calculate the primary and secondary units of DSG funding.

Appendix 2

Summary of NFF Factor Values 2026-27

Factor Name	Unit Value 2025/26 £	Subsumed Grants £	Restated 2025/26 £	Unit Value 2026/27 £	% Change
Primary	3,847	133	3,980	4,064	2.1%
KS3	5,422	146	5,568	5,686	2.1%
KS4	6,113	165	6,278	6,410	2.1%
Primary minimum per pupil	4,955	160	5,115	5,115	0.0%
Key Stage 3 minimum per pupil	6,221	167	6,388	6,388	0.0%
Key Stage 4 minimum per pupil	6,831	187	7,018	7,018	0.0%
FSM6 Primary	1,060	124	1,184	1,210	2.2%
FSM6 Secondary	1,555	132	1,687	1,725	2.3%
FMS Primary	495		495	505	2.0%
FMS Secondary	495		495	505	2.0%
IDACI Band A Primary	685		685	700	2.2%
IDACI Band A Secondary	950		950	970	2.1%
IDACI Band B Primary	520		520	530	1.9%
IDACI Band B Secondary	745		745	760	2.0%
IDACI Band C Primary	490		490	500	2.0%
IDACI Band C Secondary	695		695	710	2.2%
IDACI Band D Primary	445		445	455	2.2%
IDACI Band D Secondary	635		635	650	2.4%
IDACI Band E Primary	285		285	290	1.8%
IDACI Band E Secondary	450		450	460	2.2%
IDACI Band F Primary	235		235	240	2.1%
IDACI Band F Secondary	340		340	345	1.5%
Low Prior Attainment Primary	1,175		1,175	1,200	2.1%
Low Prior Attainment Secondary	1,785		1,785	1,825	2.2%
EAL Primary	595		595	610	2.5%
EAL Secondary	1,595		1,595	1,630	2.2%
Mobility Primary	965		965	985	2.1%
Mobility Secondary	1,385		1,385	1,415	2.2%
Lump Sum Primary	145,100	4,486	149,586	152,700	2.1%
Lump Sum Secondary	145,100	4,486	149,586	152,700	2.1%
Sparsity Primary – N/A in BCP	57,400		57,400	58,600	2.1%
Sparsity Secondary – N/A in BCP	83,400		83,400	85,200	2.2%
Split Sites	Variable			Variable	
Business Rates	Variable			Variable	