

School Funding 2026/27

Report to the Schools Forum 10 December 2025

- 1.1 Detail of the following year's Schools Block (mainstream) school funding is usually provided in two tranches, the first providing the amounts per formula element with the actual allocations based on the October census data following later. Until 2024, formula rates had been issued in the summer but last year and now this year, they have only been provided in November, with the allocations following shortly afterwards in mid-December.
- 1.2 At the time of writing, the DfE have only provided information regarding the 2026/27 Schools and Central School Services blocks, with details of the High Needs and Early Years blocks expected later in December.
- 1.3 The DfE have again extended the ring-fence around DSG deficits, this time from March 2026 to March 2028. As Forum will be aware, DSG deficits are mainly driven by high needs pressures.

2026/27 Schools Block

- 1.4 One important feature of the 2026/27 Schools Block is that previously separate grants for mainstream schools - Schools Budget Support Grant and the National Insurance Contributions Grant - have been subsumed into DSG. Therefore, in order to provide a like-for-like comparison, the figures below combine the DSG allocations with the supplementary grants where appropriate.

Table 1: Primary Schools 2026/27 funding factors compared to 2025/26

Factor	2025/26	Grants added	2025/26 restated	2026/27	Increase
Basic entitlement	£3,847	£133	£3,980	£4,064	2.11%
Lump sum	£145,100	£4,486	£149,586	£152,700	2.08%
FSM	£495		£495	£505	2.02%
FSM6	£1,060	£124	£1,184	£1,210	2.20%
IDACI A	£685		£685	£700	2.19%
IDACI B	£520		£520	£530	1.92%
IDACI C	£490		£490	£500	2.04%
IDACI D	£445		£445	£455	2.25%
IDACI E	£285		£285	£290	1.75%
IDACI F	£235		£235	£240	2.13%
Low prior attainment	£1,175		£1,175	£1,200	2.13%
EAL	£595		£595	£610	2.52%
Mobility	£965		£965	£985	2.07%
Minimum per pupil	£4,955	£160	£5,115	£5,115	0.00%

Table 2: Secondary Schools 2026/27 funding factors compared to 2025/26

Factor	2025/26	Grants added	2025/26 restated	2026/27	% Increase
KS3 Basic entitlement	£5,422	£146	£5,568	£5,686	2.12%
KS4 Basic entitlement	£6,113	£165	£6,278	£6,410	2.10%
Lump sum	£145,100	£4,486	£149,586	£152,700	2.08%
FSM	£495	-	£495	£505	2.02%
FSM6	£1,555	£132	£1,687	£1,725	2.25%
IDACI A	£950	-	£950	£970	2.11%
IDACI B	£745	-	£745	£760	2.01%
IDACI C	£695	-	£695	£710	2.16%
IDACI D	£635	-	£635	£650	2.36%
IDACI E	£450	-	£450	£460	2.22%
IDACI F	£340	-	£340	£345	1.47%
Low prior attainment	£1,785	-	£1,785	£1,825	2.24%
EAL	£1,595	-	£1,595	£1,630	2.19%
Mobility	£1,385	-	£1,385	£1,415	2.17%
Minimum per pupil	£6,465	£175	£6,640	£6,640	0.00%

- 1.5 As can be seen above, the funding increases above are significantly below current levels of inflation. The latest RPI (October 2025) was 4.3% and the equivalent CPI was 3.6%. The increases are also well below the level of recent pay awards – for schools, staffing costs are by far the most significant element of school cost inflation. It can also be seen that the minimum per pupil amount has (like-for-like) been frozen – it remains to be seen whether this indicates that this protection will kept at the same cash level in future.
- 1.6 In recent years, when pay awards or other significant payroll costs such as employers national insurance or pension contributions have increased, the DfE have allocated additional grant to cover costs over and above those assumed in initial budget allocations. We will find out over the course of the coming months whether this practice continues in 2026 should pay awards (for example) significantly exceed a range of (say) 2% to 2.5%.
- 1.7 Maintained schools in T&W (and Shropshire) are however likely to benefit from a lower contribution rate to the pension scheme for support staff, arising from the latest valuation of the Shropshire pension scheme. This does not affect teachers' contribution rates, as teachers are part of the national Teachers Pension Scheme. The change in the local authority's contribution rate will also not impact directly upon academies, as each Trust has its own individual pension contribution rate.
- 1.8 The DfE are continuing to move towards a National Funding Formula (NFF) at school level, by requiring local authorities to move each of their formula factors at least 10% closer to NFF values. However, there is a caveat, that this does not apply to authorities already deemed to be mirroring the NFF, defined by the DfE as within 2.5% of the national values.
- 1.9 As Forum members will be aware, for several years we have mirrored the NFF as closely as possible in our local funding formula. We therefore fall within the 2.5% limit and so this additional requirement will not affect our local formula.

- 1.10 For the low prior attainment factor, 2019 assessment data will be used as a proxy for the 2020 reception cohort. 2022 assessment data will be used for the 2021 reception and year 6 cohorts. This follows the cancellation of assessments in 2020 and 2021 due to COVID-19.
- 1.11 The national minimum funding guarantee per pupil has been set between a minimum of minus 0.5% and a maximum of 0%. T&W is likely to aim for the maximum 0%.
- 1.12 The amount of growth funding to be allocated to each authority is not specified as it will be based on differences between the October 2024 and the October 2025 census data.
- 1.13 *We propose to continue our policy of mirroring the national funding formula in the T&W funding formula for schools. As in previous year, we also propose to set the minimum funding guarantee amount at the highest level allowed by the DfE i.e. 0%, as long as this is affordable.***

The Forum is invited to express its view on this policy regarding the 2026/27 funding formula for T&W schools.

2026/27 Central School Services Block (CSSB)

- 1.14 The provisional 2026/27 allocation of CSSB is significantly higher than 2025/26 at £1.586m compared to £1.185m., an increase of around £0.40m. The increase arises from the addition of significant sums for the equivalent of the National Insurance Grant and School Budget Support Grant relating to centrally (local authority) employed staff.
- 1.15 The final allocation is updated by pupil numbers, as the allocation is calculated on an amount per pupil. Based on the information schools have provided to us, it is likely that pupil numbers overall will have decreased somewhat in the October 2025 census compared to October 2024, so the final CSSB allocation is likely to be slightly lower than the provisional figure.
- 1.16 Information on the deployment of the CSSB is provided in a separate paper.

2026/27 High Needs Block

- 1.17 Information regarding the 2026/27 allocations has yet to be provided by the DfE, it will follow later in December.
- 1.18 However, the government has announced that the ring-fence around local authorities high needs deficits will once again be extended, this time for a further two years, to March 2028. The government also said that after this date, the DfE, rather than local authorities, will be responsible for any deficits arising in the 2028/29 financial year and beyond. We understand that responsibility for deficits that have accrued up to 31 March 2028 will be clarified as part of the 2026/27 local government financial settlement, to be published later in December.
- 1.19 We will update the Forum on the high needs position at the next Forum.

2026/27 Early Years Block

- 1.20 Details of 2026/27 early years funding have yet to be released.

- 1.21 Once details are available - at present we assume as part of the DSG funding settlement information later in December - we will consult with the Forum regarding 2026/27 funding in the January and / or March 2026 meetings of the Forum.

Summary

- 1.22 The like-for-like increase in mainstream schools funding can be seen in Tables 1 and 2 above. It remains to be seen how pay awards in 2026 compare to this figure and whether – as has happened in recent years – any further grant funding is made available if pay awards are significantly above this level.
- 1.23 There is a significant increase in the 2026/27 CSSB allocation to T&W.
- 1.24 We await further details of the 2026/27 high needs and early year block allocations.

Tim Davis
Finance Manager
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