



Title of report: Schools National Funding Formula 2026/27 Update

Meeting: Herefordshire Schools Forum

Meeting date: Friday 21 November 2025

Report by: Head of Strategic Finance (Deputy S151)

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards)

Purpose

To provide an update to the Forum on the Schools National Funding Formula 2026/27, including the recommendations of the Budget Working Group (BWG) on the Herefordshire schools' budget 2026/27.

Recommendation(s)

That:

- a) **Schools Forum to review the budget approach for setting the schools 2026/27 budget; and**
- b) **Agree the draft 2026/27 budget to be prepared in line with the approach taken in 2025/26.**

Alternative options

1. Alternative options will be fully considered by the Budget Working Group (BWG) prior to formulating final budget recommendations for consideration by Schools Forum in January 2026. At this stage only a preliminary view has been sought in order to determine how the budget proposals can be developed further. The high needs budget will require further detailed work following the expected Department for education (DfE) funding announcement in December 2025 and recommendations will be agreed by Schools Forum in March 2026.

Key considerations

2. On 30 June 2025 the DfE reported that due to the timing of the 2025 Spending Review, the announcement of the schools and high needs national funding formula (NFF) allocations for 2026/27 will be delayed and not be published until autumn this year.
3. The DfE have however published a summary policy document to help with planning, which sets out the structure of the schools National Funding Formula (NFF) for 2026/27, which shows there are no structural changes expected.
4. NFF allocations and supporting documentation (including operational guidance) will be published in Autumn 2025 due to the multi-year spending review concluding in June 2025. We expect that the Dedicated Schools Grant (DSG) allocations using the NFF will be published in December 2025 as in previous years.
5. As in prior years, the authority proforma tool (APT) will be released for local authority submissions in mid-December 2025 with a deadline return date towards the end of January 2026. The APT will again be populated from schools block data, primarily drawn from the autumn 2025 Schools' Census.
6. It is envisaged that the statutory deadline for budget setting at individual school level will remain, i.e. January 2026. In the absence of any funding announcement, the Budget Working Group (BWG) at its meeting on 7 November 2025 considered the principle that **Herefordshire's approach to school funding for 2026/27 should be in line with the approach used for 2025/26.**
7. Key Updates from the National Funding Formula 2026/27 Summary Policy Document:

National Funding Formula Factors 2026/27

The 2026/27 schools National Funding Formula (NFF) will use the same factors as the 2025/26. All individual factors will operate in the same way as 2025/26. See below table:

A	Basic per pupil funding	Basic entitlement					
B	Additional needs funding	Deprivation	Low prior attainment	English as an additional language	Mobility		
C	School-led funding	Lump sum	Sparsity	Premises			Growth
				Rates	PFI	Split sites	Exceptional premises
D	Geographic funding	Area cost adjustment					
E	Protection funding	Minimum per pupil level			Funding floor		

All Local Authorities must continue to move their local formula factor values at least a further 10% closer to the NFF Value. Herefordshire already mirrors the National Funding Formula.

Rolling in Previous Grants

The Schools Budget Support Grant (SBSG) and the National Insurance Contributions Grant (NICs) will be rolled into the NFF for 2026/27. The funding will be rolled into the Schools Block in a very similar approach to previous grants, by adding cash amounts to the National Funding Formula Factors.

For the NICs Grant, the funding rolled into the NFF will use the published funding rates directly. For the SBSG Grant, this will take a slightly different approach due to the grant issued in 2025/26 related to the full cost of the support staff award, as well as a part year cost of the 2024 teachers pay award from September 2025. The cash values will need to reflect the full year equivalent funding rates (the same approach that was took to rolling the previous Core Schools Budget Grant into the NFF in 2025/26).

The table below shows the amounts that will be added to the core factor values in the 2026/27 NFF in respect of the grants. For the SBSG, this represents the full-year equivalent amount. The area cost adjustment (ACA) calculation will be applied to these factors (where applicable):

Factor	NICs	SBSG	Total
Primary basic per-pupil	£78	£55	£133
Key stage 3 basic per-pupil	£68	£78	£146
Key stage 4 basic per-pupil	£77	£88	£165
Primary FSM6 per-pupil	£75	£49	£124
Secondary FSM6 per-pupil	£60	£72	£132
Lump sum	£2,400	£2,086	£4,486

That table below shows the amounts that will be added to the Minimum per Pupil Levels (MPPL) funding uplifts, and reflects the full year equivalent in respect of the SBSG Grant:

PPL	NICs uplifts	SBSG uplifts	Total
Primary MPPL	£93	£66	£159
Secondary MPPL	£83	£91	£174

Free School Meal Expansion

In June 2025, the government announced that, starting from September 2026, free school meals (FSM) will be extended to all children in households receiving Universal Credit. For 2026/27, there are no proposed changes to the schools NFF to allocate funding for the expansion of FSM. Instead, the funding needed for the FSM expansion will be provided

through a separate grant. Further details on how this grant will be calculated will be published separately in due course.

Dissapplications

All disapplication's are to be submitted before the 17 November 2025, this is to ensure decisions are communicated back to Local Authorities prior to the APT submission deadline. As per previous years, Herefordshire will be submitting one disapplication for 2026/27, which is noted under a separate agenda item.

Block Transfers

As in previous years, local authorities will be allowed to transfer up to and including 0.5% of the schools block into another block, with Schools Forum approval, without submitting a disapplication request. For a transfer exceeding 0.5%, or without schools forum approval, a disapplication request must be submitted to the Secretary of State.

De-delegations

Although de-delegations were not mentioned in the Policy Summary published document, we are assuming there will be no change to the principles and process of the de-delegated services. The details of Herefordshire's proposals for de-delegated services are noted under a separate agenda item.

8. Therefore, as per previous years, we propose to follow the following principles:
 - Seek to fund schools at the National Funding Formula values.
 - To fund schools at the maximum permitted Minimum Funding Guarantee (2025/26 value 0%).
 - De-delegations in place as at 2025/26 to remain for 2026/27 (proposed annual increase assumed in line with 2025/26 and will be reviewed once allocations are published in December 2025).

9. Using 2025/26, the indicative timescale for setting the schools budgets is as follows:
 - Publication of 2026/27 individual school budgets may follow last year's timeline, with provisional budgets issued in early January 2026 and final budgets in March 2026.
 - The expectation is that the January provisional budgets will reflect the schools funding settlement for 2026/27 and October 2025 verified School Census data (subject to this being provided by the DfE no later than mid-December).
 - Final budget decisions will then be taken by Schools Forum which will in turn produce final allocations for release to schools in March.

Community impact

10. Increasingly schools funding is directed by government, and the council can only allocate funding given by government. School governing bodies retain the responsibility to spend the school budget on meeting pupil needs. Schools, colleges and post-16 providers and potentially parents will need to be consulted on any changes to the high needs services

Environmental Impact

11. This is a consultation with Schools Forum on school funding and will have no direct environmental impacts. School governing bodies and trustees are responsible for deciding on expenditure and they will be encouraged to minimise waste and resource use in line with the Council's Environmental Policy.

Equality duty

12. The Public Sector Equality Duty requires the Council to consider how it can positively contribute to the advancement of equality and good relations and demonstrate that it is paying 'due regard' in our decision making in the design of policies and in the delivery of services.
13. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows: A public authority must, in the exercise of its functions, have due regard to the need to – (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act; (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
14. In relation to school finance, it is the responsibility of individual governing bodies to commit expenditure according to individual pupil need. Changes in high needs provision will require consultation with users and further advice from legal services will be sought should this be necessary. However, the decisions of the school forum should have regard to this duty and the potential implications of any decisions made.

Resource implications

15. This report relates to the Dedicated Schools Grant (DSG) only.

Legal implications

16. The Schools Forum is a statutory decision making and consultative body constituted in line with the School Standards and Framework Act 1998, and its associated regulations, including the Schools Forum (England) (Coronavirus) (Amendment) Regulations 2020, to enable members of the local school community to work in partnership with Herefordshire Council when making decisions about school funding and finances.

17. The funding of schools is prescribed by the Department for Education (DfE) through the School and Early Years Finance (England) Regulations 2025.

Risk management

18. Budget Working Group (BWG) reviews all reports and proposals in detail prior to making recommendations to the Schools Forum. This two-stage process helps to ensure greater scrutiny of budget proposals and mitigate against any risks that may be identified. Any identified risks will be monitored and managed by the Children and Young People directorate jointly with the Schools Forum.

Consultees

19. Budget Working Group (BWG) was consulted on 7 November 2025 and recommended the 2026/27 school budget be prepared on the same basis as 2025/26 in the absence of the final DfE operational guidance and technical notes. BWG will consider the budget proposals further once the DfE have announced the final DSG allocations in December 2025.

Appendices

Budget Working Group presentation 7 November 2025.

Background papers

None.

Please include a glossary of terms, abbreviations and acronyms used in this report.

ACA	Area Cost Adjustment
APT	Authority Proforma Tool
BWG	Budget Working Group (of Schools Forum)
DfE	Department for Education
DSG	Dedicated Schools Grant
FSM	Free School Meals
MPPL	Minimum per Pupil Levels
NFF	National Funding Formula
NICG	National Insurance Contributions Grant
SBSG	Schools Budget Support Grant