

REPORT FOR SCHOOLS FORUM

1.	Date of meeting:	12 th September 2025
2.	Title:	Schools Budget Planning & Funding 2026-27
3.	Directorate:	Finance and Customer Services

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to inform the Forum of the schools budget planning and funding arrangements for 2026/27, specifically in relation to the schools funding block and the funding formula that will form the basis for determining individual schools budgets.
- 1.2 Dedicated School Grant (DSG) funding for 2026/27 will be provided in 4 funding blocks, namely schools, early years, high needs and central schools services blocks. This report deals with the distribution of DSG funding within the schools block.

2. RECOMMENDATION(S)

- 2.1 That the Schools Forum note the proposed funding framework and structure of Rotherham's local funding formulae for 2026-27.
- 2.2 That Schools Forum note the schools budget planning key dates for determining the schools block funding for 2026-27.

3. BACKGROUND

- 3.1 The updated Schools National Funding Formula (NFF) summary policy document for 2026/27 was published by the Department for Education (DfE) on 4 August 2025. It outlines key elements of the schools national funding formula (NFF) to support budget planning by local authorities, ahead of the publication of the NFF allocations for 2026/27.
- 3.2 The following summarises the key elements of the policy guidance including the funding framework, the structure of the schools NFF for 2026/27, the funding factors that will be used and how they will operate, along with requirements on local authorities and schools.

4. FUNDING FRAMEWORK FOR SCHOOLS 2026/27

- 4.1 The budget for maintained schools in 2026/27 will consist of funding from the following funding streams:
 - Core school funding – via the National Funding Formula (NFF). NB schools would also receive funding from other DSG funding blocks namely, early years and high needs.

- Pupil Premium Grant (PPG) funding.
 - Other grant funding e.g. Universal Infant Free School Meals; PE & sports premium grant; etc.
- 4.2 There are no significant changes to the 2026/27 funding framework for schools. The Government will continue to allocate core funding to schools using the national funding formula.
- 4.3 The 2026/27 schools NFF will use the same funding factors as the current year, namely: basic entitlement; additional needs factors (e.g. deprivation, low prior attainment, English as an additional language and mobility); and school led factors (e.g. lump sum, sparsity, growth and premises related factors – rates, PFI, split sites).
- 4.4 The NFF will continue to provide funding protections to guarantee a minimum amount of funding for every pupil. This is to ensure that a school's funding is protected from year-on-year formula changes and preventing sudden excessive drops. The above individual NFF factors for 2026/27 will operate in the same way as in 2025/26.
- 4.5 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, no changes are proposed to the schools NFF to allocate funding for this expansion of FSM. Instead, the funding needed for the FSM expansion will be provided through a separate grant. Details of this would be published in due course.

5. ROLLING IN PREVIOUS GRANTS

- 5.1 The Schools Budget Support Grant (SBSG) and National Insurance Contributions (NICs) grant will be rolled into the notional NFF for 2026/27. This follows a very similar approach to previous grants in 2025/26. The SBSG and NICs grant rates that would be rolled into or added to the funding factors in the notional NFF have been published. For the SBSG, this will represent the full year equivalent amount.
- 5.2 The rolling in of these grants into the schools' notional NFF allocations will affect the core budgets that maintained schools will receive from April 2026

6. ROTHERHAM'S LOCAL FUNDING FORMULA 2026/27

- 6.1 Local authorities will continue to be responsible for maintaining the local funding formulae for mainstream schools in their area for 2026/27. The funding allocated to maintained schools and academies in Rotherham will continue to be determined by RMBC's local schools formulae.
- 6.2 The following are requirements placed on local authorities in respect of their local funding formulae for 2026/27:
- Local authorities were required to bring their own formulae closer to the schools NFF from 2023/24. This transition will continue in 2026/27.
 - Local authorities must continue to move their local formula factor values at least a further 10% closer to the corresponding NFF values, except where local formulae are already 'mirroring' the NFF. These criteria do not apply to rates, PFI or exceptional circumstances factors.

- As in previous years, local factor values within 2.5% of the respective NFF values will be taken as ‘mirroring’ the NFF. Changes have been made to Rotherham’s local funding formula to gradually align all factors to the NFF since its introduction on 2018/19. Currently, Rotherham’s local funding formula is deemed to be ‘mirroring’ the NFF – as most of the funding factor values are either aligned to NFF values or within 2.5% of the NFF values.
- For 2026/27, there are 16 funding factors, most of which are mandatory and therefore must be included in local funding formulae. These mandatory factors remain unchanged from 2025/26.
- The recommended minimum funding guarantee (MFG) rate and other technical changes to the funding factors within local authorities funding formulae would be confirmed when NFF allocations are published.

7. DSG FUNDING BLOCK TRANSFERS

- 7.1 As in previous years, 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, without submitting a disapplication request. A disapplication request to the DfE is required for any transfers above 0.5%, or any amount without schools forum approval; this applies to any transfers, even if an amount was agreed in previous years. Local authorities with safety valve agreements will have this managed as part of safety valve monitoring.

8. CONSULTATION ON FORMULA CHANGES & BLOCK TRANSFERS

- 8.1 Local authorities must consult with all maintained schools and academies in their area, as well as with their schools forums, about any proposed changes to their local funding formulae, including the principles adopted and any funding transfer from the schools block to other funding blocks e.g. the high needs block.
- 8.2 Any consultation should include the modelling of the impact of proposed formula changes on individual schools and academies and these should be communicated to all schools affected by the changes.

9. SCHOOLS BUDGET PLANNING TIMELINES

- 9.1 In recent years the timelines for local authorities to review their local formulae and carry out consultation (with indicative schools allocations) have been squeezed. This is due to the delay by the Government in publishing NFF allocations and issuing the funding model to LAs to assist with modelling.
- 9.2 The following are the expected timelines for the schools budget / planning process:

Timeline / Dates	Action / Activity
Autumn 2025	DfE to publish the NFF allocations and supporting documentation (including operational guidance)
Early November 2025	Consultation document issued to schools / academies with indicative allocations – responses sought on proposed formula changes and funding block transfer

17 November 2025	Local authorities to submit disapplication requests to the DfE to seek approval for transferring funds (above 0.5%) from the schools block to the high needs budget
5 December 2025	Schools Forum meeting – outcomes of the consultation presented and to seek approval of funding transfer proposal
Mid December 2025	The Authority Proforma Tool (APT) will be released by the DfE for local authority submissions. The APT will be populated with schools block data, primarily drawn from the autumn 2025 schools census
December 2025	Local authorities DSG allocations using the NFF will be published by DfE
16 January 2026	School Forum meeting - budget reports (schools block; early years block & central school services block) presented at the meeting
Late January 2026	Local authorities to submit their Authority Proforma Tool (APT) for 2026/27 to DfE for compliance checks and approval
28 February 2026	Confirmation of schools budget shares to mainstream maintained schools

10. NAMES & CONTACT DETAILS

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