

Schools Funding Forum 27th October 2025

ITEM 4

Subject Heading:**Schools Funding 2026-27****Report Author:****Hany Moussa – Principal Education
Finance Officer****Eligibility to vote:****All maintained schools members**

SUMMARY

This report offers information to the Schools Funding Forum representatives on the DfE's 2025-26 Policy Note, the upcoming FSM Expansion Grant and the draft Schools and High Needs consultation. It invites LA maintained schools to review the consultation outcomes and consider voting on the proposed service de-delegation.

RECOMMENDATIONS

1. That Schools Funding Forum notes the update on DfE Funding Policy Note Guidance 2025-26
2. That Schools Funding Forum notes the update on FSM Expansion Grant for financial year 2026-27
3. LA maintained primary school representatives to review consultation responses and vote on continuing the de-delegation of funding for the following services:
 - (i) Insurance
 - (ii) Free school meals eligibility checking
 - (iii) Maternity leave insurance
 - (iv) EAL service
4. LA maintained primary and special school representatives to review consultation responses and vote on continuing the de-delegation of funding for the following services:
 - (i) Statutory and regulatory duties
 - (ii) Core school improvement activities

REPORT DETAIL

1. DfE Funding Policy Note Guidance 2026-27 update – November 2025

The DfE released the national funding information for 2026-27 on 19th November 2025, setting out the approach for mainstream schools and central services for the coming financial year.

The total provisional core funding allocated through the Schools National Funding Formula (NFF) for 2026-27 amounts to £50.9 billion, which reflects the annualisation and incorporation of the former Schools Budget Support Grant (SBSG) and National Insurance Contributions (NICs) Grant into the formula. This total includes mainstream schools funding delivered via the NFF, alongside the separate allocations for High Needs, the Central School Services Block (CSSB) and Pupil Premium.

Following the same principles used in preceding years, the Government has rolled these grants into the NFF by applying adjustments to the basic per-pupil rates, the FSM6 allocations, the lump sum, and the minimum per-pupil levels (MPPL). The SBSG has been annualised to reflect a full-year equivalent, as opposed to the part-year award provided in 2025-26 when it was used to support the teachers' pay award. Baselines have been uplifted accordingly.

The DfE published the "*National Funding Formula for Schools 2026 to 2027*" technical note and policy guidance, which sets out the factor-level changes, the national methodology and the revised rules for local formula construction. Full details are attached at Appendix A.

Local authorities that do not fully mirror the NFF will again be required to move their local formulae closer to national values. Havering already works on NFF factors and rates and therefore continues to comply with these requirements.

The key updates for the national NFF rates (pre-ACA) for 2026-27 in the Schools Block are as follows:

- The overall structure of the NFF remains unchanged, maintaining consistency with the 2025–26 model.
- The Schools Budget Support Grant (SBSG) and the NICs Grant are rolled into the NFF, with increased values applied to the basic entitlement, FSM6, Lump Sum and MPPL.
- Most NFF factors receive a further 2.11% uplift, including basic entitlement, FSM6, lump sum, IDACI, low prior attainment (LPA), EAL, mobility, sparsity and split-site factors.
- The FSM factor receives a 1.66% uplift, aligned to inflation forecasts.

- Updated MPPL values for 2026–27 are:
 - £5,115 per primary pupil
 - £6,640 per secondary pupil
 These levels include the rolled-in SBSG and NICs Grant but no additional inflationary uplift.
- The MFG range remains between –0.5% and 0%, consistent with the NFF funding floor. The 2025–26 baseline used for MFG calculations incorporates the rolled-in grants, ensuring all schools see a year-on-year funding increase.
- Growth Fund arrangements remain unchanged, following national guidance.
- Local authorities must again move factor values 10% closer to the national NFF unless already mirroring it (the mirroring threshold remains within $\pm 2.5\%$ of NFF values, accounting for Area Cost Adjustment).

Although the DfE has set the top of the MFG range at 0.0%, schools will still receive increased funding through the embedded grant values within their baseline allocations. This ensures that funding previously delivered through temporary grant streams is now permanently consolidated into core budgets.

As outlined, the updated indicative NFF funding rates for 2026-27 now incorporate both the rolled-in grant funding and the inflationary uplift to factor values. These revised rates will underpin the 2026-27 schools funding formula.

The updated indicative NFF and Havering (inclusive of ACA) values for the 2026-27 formula, alongside the 2024-25 and 2025-26 equivalent, are set out in **Appendix B**.

The DfE has indicated that further detailed guidance, along with final DSG allocations, will be published in late November and December. These updates will be provided to Schools Funding Forum members at the January 2026 meeting.

2. Universal Credit (UC) Roll-Out – Free School Meals Expansion Grant

In June 2025, the Government confirmed that from September 2026 the entitlement for Free School Meals (FSM) will be extended to all children in households receiving Universal Credit (UC). This represents a major expansion of eligibility and will significantly increase the number of pupils qualifying for FSM nationally.

The DfE has confirmed that no changes will be made to the FSM factor within the NFF for 2026–27 in relation to the UC roll-out. Instead, the increased entitlement will be funded through a separate, dedicated FSM Expansion Grant in 2026-27, similar to the operation of other in-year targeted grants that the DfE has previously introduced.

The policy note confirms the following:

- The FSM Expansion Grant will be new, ring-fenced funding for 2026-27.
- It will cover the additional number of pupils becoming eligible as a direct result of UC entitlement.
- The DfE will publish details on the calculation methodology at a later date, once national modelling of take-up rates and transitional protection arrangements has been completed.

- The grant will be provided to ensure schools are able to meet the costs of providing meals to the expanded cohort without financial pressure.
- Funding will begin from the start of the 2026-27 academic year (September 2026), aligned to the policy implementation date for the UC roll-out.
- As per existing targeted grants, it is expected the funding will be issued directly to schools (academies) or via local authorities (maintained schools).

At present, the DfE has not yet published:

- The per-pupil funding rate
- Whether transitional protection will be put in place
- Which data source and fields, that the funding will be linked to this new entitlement (e.g. census data, real-time eligibility, or an alternative collection method)

The timeline for releasing further information has not been disclosed, however it is anticipated that it will be in Spring or Summer 2026 that the DfE releases further details on this new grant.

3. De-delegation and Education Services consultation (Maintained Schools)

At the meeting held on 23rd October 2025, the Schools Funding Forum received a report on the de-delegated and Education Services proposals for financial year 2026-27. Following discussion at the meeting, the LA has consulted with Maintained Schools for de-delegation and Education Services.

The Local Authority presented a consultation document for review by the Maintained Schools for the services for 2026-27. The funding consultation was issued on 19th November 2025 with a closing date of 26th November 2025. The consultation document is shown at **Appendix C**.

The consultation was active at the time of preparing this paper, therefore the results of the consultation will be provided to School Forum members to review before the meeting is held.

Maintained schools School Forum members are to note the consultation responses and to review the recommendation of de-delegation for the following services:

- Insurance
- Free school meals eligibility checking
- Maternity Leave insurance
- EAL Service
- Trade Union Facility Time
- Statutory and Regulatory Duties (Maintained Schools)
- Core school improvement activities (SIMB)