



Schools Funding Formula 2026-2027 – Schools Block

Report to:	Schools Forum
Date of Meeting(s):	11 December 2025
Report of:	Colette Dutton: Director Children and Families
Contact Officer:	Mark Rotheram – Strategic Finance Manager Kirsten Reid – Group Finance Manager
Summary:	To provide details of the indicative DSG allocations for 2026-2027 and models to be reviewed to determine potential transfer from Schools Block to High Needs Block
Recommendation(s):	For Schools Forum members to note the contents of the report
Implications: What are the financial implications? What are the staffing implications?	Contained within the report. There are no currently identified staffing implications resulting from this report.
Risks	Contained within the report.

Please list any appendices:

Appendix 1 summary of NFF rates 2026-27

Appendix 2 comparison of the impact on schools indicative funding of potential transfers to high needs block

Appendix 3 list of NFF rates includes minimum and maximum range allowed

1. School funding formula 2026-2027

- 1.1 As in previous years the LA is responsible for determining the local schools funding formula model to be used to distribute final delegated budget allocations to individual schools (referred to by the DfE as the National Funding Formula “soft” approach).
- 1.2 Each authority's process must ensure that there is sufficient time to gain political approval before the APT (authority proforma tool) deadline of the 22/01/2026. Political ratification means approval in line with the authority's local scheme of delegation, so this may be decisions made by the council cabinet, cabinet member or full council. At the meeting of the Wigan Council Cabinet on the 20/01/2022 Cabinet approved the delegation of future decisions to approve the School Funding Formula model to the Portfolio Holder for Children and Families.
- 1.3 Wigan Council continues to apply the National Funding Formula (NFF) factors. The NFF factors for 2026-27 published on 19 November 2025 will be used to allocate funding for the 2026-27 financial year. The basic entitlement factor is allowed to vary by a small margin from the NFF factor to allow authorities to adjust the allocations to meet local needs.

Schools Block provisional allocation 2026-27

- 1.4 The NFF model for the schools block calculates an “indicative” budget for each individual school in their host Local Authority (LA) and the aggregated total of such forms the LA baseline schools block allocation. The schools block allocation is expressed as separate per pupil primary and secondary rates for each LA and includes funding for premises based on historic spend and growth on a formulaic basis.
- 1.5 The published provisional NFF schools block funding (excluding funding through the growth and falling rolls factor) for 2026-27 is £299,873,695. It includes the funding for rates of £1,836,888. This leaves £298,036,807 to be passed onto schools.
- 1.6 The minimum funding guarantee (MFG) for schools will continue to provide protection and stability to school budgets. LA's still have the flexibility to set a local MFG rate between minus 0.5% and 0.0% per pupil compared to the baseline.
- 1.7 The mandatory minimum funding levels also will continue to apply to ensure that all schools receive a minimum amount of funding per

pupil and any funding arrangement agreed by the LA must ensure that this is protected.

Transfer of funds to the high needs block

- 1.8 The schools block is ring-fenced, but the LA is permitted to transfer up to 0.5% of the schools block funding allocated to other blocks (ie high needs) with the agreement of their Schools Forum. This position is reviewed every year and the agreed position for 2025/26 was to transfer £750,000 from the Schools Block to the High Needs Block.
- 1.9 At the time of writing this report we are still awaiting final details of the High Needs Operational guide and allocations for 2026/27. As part of the 2025 Budget it was announced the Government would not expect local authorities to need to fund future special educational needs costs from their general funds once the statutory override ends at the 31/03/2028. As such local authorities will not build up further deficits from 2028/29 onwards. Further details on the support for local authorities with historic and accruing deficits up to the 31/02/2028, and conditions for accessing such support, will be set out in the upcoming Local Government Finance settlement.

The latest projection for Wigan's overall DSG deficit is as follows:

31/03/2026 £24.192m deficit

31/03/2027 £37.556m deficit

31/03/2028 £52.335m deficit

The cost to the Council of financing this debt in this intervening period has been calculated as follows:

	2024/25	2025/26	2026/27	2027/28
Lost Interest	£0.562m	£0.992m	£0.980m	£1.044m
Borrowing Costs (Excluding MRP)		£1.115m	£2.336m	£3.712m

- 1.10 This report includes modelling for 2 options for schools budget shares to assist with meeting this increased pressure on the High Needs Block. The maximum amount of the Schools Block that can

be transferred from the 2026-27 allocation, without need for a disapplication is £1,499,368.

The two models show the estimated budgets based on

- a) Transfer of £1,499,368 to high needs
- b) Transfer of £750,000 to high needs

- 1.11 The models provide an indication of the changes in the individual schools budgets and will be updated by changes in pupil numbers and the parameters for the factors set by DfE in their 2026-27 Authority Pro Forma Tool.

2. National funding formula NFF 2026-27

Formula Factors

- 2.1 Provided below is a summary of the formula factors in the NFF together with relevant information on their application. The basic entitlement and minimum per pupil level now include uplifts for the grants listed below, issued in 2025-26, grossed up to 12 months where applicable.

- **National Insurance Contributions Grant;**
- **Schools Budget Support Grant**

All the rates quoted have been uplifted by the Wigan LA area cost adjustment by the DfE. The formula factors used in all the models are attached at Appendix 1.

Pupil led funding

Basic per pupil entitlement

The age weighted pupil unit (AWPU) is the fundamental building block of the formula. The NFF rates are shown in the table below. The minimum and maximum range of the basic entitlement rates are included at the end of this report as Appendix 3.

Key Stage	2026-27	2025-26	% increase
Primary	4,087.12	3,810.32	7.2%
Key stage 3	5,718.35	5,370.30	6.4%
Key stage 4	6,446.47	6,054.71	6.4%

The AWPU is the only formula value that has been altered in the 2 models attached at Appendix 2 to estimate the change in schools' funding.

Minimum Funding Levels for Pupils

The mandatory minimum per pupil funding levels have been increased for both primary and secondary schools.

Key Stage	2026-27	2025-26	% increase
Primary	£5,115	£4,955	3.2%
Key stage 3	£6,640	£6,465	2.7%
Key stage 4	£6,640	£6,465	2.7%

Minimum Funding Guarantee (MFG)

MFG provides protection to ensure that schools receive a minimum percentage increase per pupil on the pupil led factors of the formula. The range is unchanged from 2024-25, the Local Authority can set the MFG between 0% and -0.5% per pupil. No minimum funding guarantee is applied to the estimated allocations in this report.

Deprivation

This factor is identified through 2 measures –eligibility for Free School Meals (FSM) and historically through the EVER6 measure and the level of deprivation in the postcode the student lives (IDACI). The EVER6 factor is based on October census data. The IDACI factor uses 6 bands each of which attracts a different value to reflect varying levels of deprivation.

Primary rates

Year	FMS	FSM6	IDACI F	IDACI E	IDACI D	IDACI C	IDACI B	IDACI A
2026-27	507.87	1216.88	241.37	291.65	457.59	502.85	533.02	703.98
2025-26	497.82	1066.03	236.33	286.62	447.52	492.79	522.96	688.90
Increase	2.0%	14.2%	2.1%	1.8%	2.2%	2.0%	1.9%	2.2%

Secondary rates

Year	FMS	FSM6	IDACI F	IDACI E	IDACI D	IDACI C	IDACI B	IDACI A
2026-27	507.87	1734.82	346.96	462.62	653.7	714.04	764.32	975.52
2025-26	497.82	1563.85	341.93	452.56	638.61	698.95	749.24	955.41
Increase	2.0%	10.9%	1.5%	2.2%	2.4%	2.2%	2.0%	2.1%

Low Prior Attainment (LPA)

This measure enables schools to identify pupils who are likely to require more support. A pupil who does not meet the expected levels at the Early Years Foundation Stage on entry to primary school or for KS2 will attract the funding each year whilst at their school.

The Low Prior Attainment pupil numbers are weighted to reflect the fact that the proportion of pupils reaching the expected standard in key stage 2 tests has changed over time.

Key Stage	2026-27	2025-26	% increase
Primary	£1,206.83	£1,181.69	2.1%
Secondary	£1,835.38	£1,795.16	2.2%

English as an Additional Language (EAL)

EAL pupils will attract funding for 3 years after the pupil enters the statutory age school system.

Key Stage	2026-27	2025-26	% increase
Primary	£613.47	£598.39	2.5%
Secondary	£1,639.27	£1,604.08	2.2%

Pupil mobility

This factor tracks census data over a three-year period to identify any pupils how have joined a school on a “non-typical” start date. Only a small proportion of our school population attract funding under this factor.

Key Stage	2026-27	2025-26	% increase
Primary	£990.60	£970.49	2.1%
Secondary	£1,423.05	£1,392.88	2.2%

School Led Funding

Lump Sum

This is a lump sum provided to all primary and secondary schools.

Key Stage	2026-27	2025-26	% increase
Primary	£153,568.86	£145,925.62	5.2%
Secondary	£153,568.86	£145,925.62	5.2%

Rates

These are funded at the authority's estimate of the actual cost. For academies information is provided by the ESFA on the rates to include.

As previously reported the rates will no longer form part of a maintained schools delegated budget. From 2023/24, the LA opted into the new rates process, whereby the ESFA will be retain the estimated rates value and then the LA will bill the ESFA directly.

Private Finance Initiative (PFI) contracts

This does not apply for Wigan for APT purposes.

Split Sites

This does not apply for Wigan as we do not currently have any schools on split sites. The split site rates are included in Appendix 3 for information.

Sparsity

This factor targets extra funding for schools that are both small and remote. No school in Wigan currently meets the criteria. The split site rates are included in Appendix 3 for information.

Growth Fund

Growth funding is allocated to local authorities using a formulaic method based on lagged growth data. The allocations will be based on pupil data from the October 2024 census. The current estimate will be updated when the final DSG allocation is received in December. A nominal amount of £500,000 for Growth Funding, in line with the amount included in prior years, is included to balance to meet the validation criteria set by DFE.

We will only know the final growth funding allocation for the January 2026 Forum meeting.

Notional SEND

Not relevant at this stage in the determination of the schools' budget share. This will be updated in the January 2026 report to Schools Forum. However, no change is anticipated to the factors for notional SEN applied in past years funding.

De-delegations and Education Functions

See separate paper on this agenda setting out the proposed de-delegations and education functions for schools forum consideration.

3. Indicative 2025-26 allocations and transfer to high needs block approval

- 3.1 At the October 2025 school forum meeting the significant High Needs projected deficit for 2025/26 was shared with members. In this context it was agreed that the Schools Block funding options for 2026/27 to be brought to the Schools Forum December meeting would again need to include the modelling of a transfer from the Schools Block to the High Needs block
- 3.2 School level allocations have been modelled based on the above approach and are included with this report as Appendix 2. This includes comparisons with last year's funding allocations. There are changes to the basic entitlement as this has increased by 6.4% for secondary schools and 7.2% for primary schools. These increases are significant in school block funding terms.
- 3.3 DFE will provide an updated Authority Pro Forma Tool, (APT) later in December 2025, including the October 2025 pupil numbers and characteristics to allow a full modelling of the 2026-27 schools block allocation. Currently only the 2025/26 APT is available to model options for the 2026-27 allocation of £299,873,694.
- 3.4 The 2025-26 APT only allows NFF funding rates within the range to be used. The spreadsheet is protected by DFE to prevent changes. Where the new 2026-27 rates are within these parameters they are built into the APT. However, the Basic Entitlement, FMS6, Lump Sum and Minimum Per Pupil rates are all outside of the permitted range. Adjustment to the APT is required to model for the higher values and to provide the figures in Appendix 2.
- 3.5 The models allow the potential impact of
- Growth funding
 - Falling rolls funding – not currently required for Wigan schools
 - Block transfers
 - De-delegation and education functions
- On this basis the factors were used, the de-delegation rates were uplifted by 2.87% and £500,000 was deducted for growth. The impact of the high needs block transfer was also calculated.
- 3.6 Without a formal disapplication to the Secretary of State the maximum funding that can be transferred from the schools block

to high needs is 0.5%. For 2026-27 this would be a maximum of £1,499,368.

Appendix 2 compares the following models as requested.

Model 1 – transfer of £1.499M from schools block

Model 2 – transfer of £0.75M from schools block

- 3.7 Please note, the allocations shown are only indicative and will change following receipt of the final funding allocations based on the verified October 2025 census data. For the purposes of the indicative figures presented, the pupil data for 2025-26 has been used.

4. Recommendations

- 4.1 Schools forum members are requested to
- a) consider and agree the formula factors, rates and principles as set out in section 4 to be used for schools block allocations in 2026-27.
 - b) note that growth funding allocations will only be available in January 2026.
 - c) confirm agreement of the principles to be applied for the 2026-27 financial year.
 - d) to consider the approval of model 1 or model 2 in the context of the necessary transfer from the schools block to high needs block.

Appendix 3 List of Wigan Council 2026-27 NFF rates

Factor	2026 to 2027 national funding formula (NFF) value including area cost adjustment (ACA)	2026 to 2027 authority proforma tool (APT) minimum value	2026 to 2027 APT maximum value
Primary basic entitlement	£4,087.12	£3,984.95	£4,189.30
KS3 basic entitlement	£5,718.35	£5,575.39	£5,861.31
KS4 basic entitlement	£6,446.47	£6,285.31	£6,607.63
Primary FSM	£507.87	£495.18	£520.57
Secondary FSM	£507.87	£495.18	£520.57
Primary FSM6	£1,216.88	£1,186.46	£1,247.31
Secondary FSM6	£1,734.82	£1,691.44	£1,778.19
Primary IDACI F	£241.37	£235.33	£247.40
Primary IDACI E	£291.65	£284.36	£298.94
Primary IDACI D	£457.59	£446.15	£469.03
Primary IDACI C	£502.85	£490.27	£515.42
Primary IDACI B	£533.02	£519.69	£546.34
Primary IDACI A	£703.98	£686.38	£721.58
Secondary IDACI F	£346.96	£338.29	£355.64
Secondary IDACI E	£462.62	£451.05	£474.18
Secondary IDACI D	£653.70	£637.36	£670.04
Secondary IDACI C	£714.04	£696.19	£731.89
Secondary IDACI B	£764.32	£745.22	£783.43
Secondary IDACI A	£975.52	£951.13	£999.91
Primary EAL3	£613.47	£598.13	£628.81
Secondary EAL3	£1,639.27	£1,598.29	£1,680.26
Primary LPA	£1,206.83	£1,176.66	£1,237.00
Secondary LPA	£1,835.38	£1,789.50	£1,881.27
Primary mobility	£990.60	£965.84	£1,015.37
Secondary mobility	£1,423.05	£1,387.48	£1,458.63
Primary lump sum	£153,568.86	£149,729.64	£157,408.08
Secondary lump sum	£153,568.86	£149,729.64	£157,408.08
Primary sparsity	£58,933.43	£57,460.10	£60,406.77
Secondary sparsity	£85,684.79	£83,542.67	£87,826.91
Middle-school sparsity	£85,684.79	£83,542.67	£87,826.91
All-through sparsity	£85,684.79	£83,542.67	£87,826.91
Split sites basic eligibility funding	£55,413.52	£54,028.18	£56,798.86
Split sites distance funding	£27,757.04	£27,063.12	£28,450.97