School Funding Formula for 2027/28

Consultation

Consultation between Cumberland Schools Forum and Maintained Schools & Academies within Cumberland

Consultation Commences: Wednesday 14 October 2026

Deadline for responding to the consultation at TBC : Tuesday 27 October 2026

Introduction

National Funding Formula

1. A national funding formula (NFF) was introduced for schools from 2018/19 and as in previous years, in 2027/28 local authorities will continue to decide, following consultation with their schools and Schools Forum, whether this formula is applied or a locally determined formula is used.

2. This document comprises a consultation with all Cumberland mainstream schools/academies and Schools Forum to seek views on the proposed changes to the schools funding formula in 2027/28 The consultation also considers some of the continuing challenges around high needs budget.

3. All schools are encouraged to respond to this consultation using the online survey at TBC. The deadline for responding to the consultation is 27 October 2026. The outcome of the consultation will be reported to Schools Forum at their next meeting on 4 November who will, after taking into consideration the consultation results, make a recommendation to Executive members who will ratify that decision on the final shape of the school funding formula for 2027/28 in December 2026.

4. Historically in July of each year the Education & Skills Funding Agency (ESFA) usually announce details of the dedicated schools grant (DSG) funding for the next financial year. However, the indicative allocations for 2027/28 have not yet been published with, at the time of writing, no indication of when these may be published. This means that any changes to the funding formula are unknown. However, the timeline for consultation of schools, feedback to Schools Forum, ratification by Executive on the formula, and publication of school budget shares for 2027/28 by the LA means that a consultation in principle is required to ensure the deadlines can be met.

Cumberland Schools Funding Formula in 2026/27

5. Following consultation with schools and Schools Forum the school budget shares were calculated using the NFF in 2026/27 and it was recommended by Schools Forum and ratified by Executive members that if there was a leftover balance remaining after allocating the school budgets on this basis that up to 0.5% would transfer to the High Needs Block. When the DfE confirmed the final Schools Block funding for 2026/27 in December 2025, the school funding formula was calculated on the basis agreed and there was a shortfall of £0.485m . As recommended by Schools Forum and agreed by Executive, this was transfer was made and the Average Weighted Pupil Unit had to be reduced to make the allocation affordable.

Shape of the National Funding Formula in 2027/28

6. It has been confirmed that local authorities will continue to have flexibility to set a local school funding formula in 2027/28 and that the government will continue to be committed to moving towards a ‘hard’ NFF whereby individual school budgets will be set directly by the DfE rather than independently through a locally agreed funding formula.

7. In 2027/28 local authorities whose factor values are within +/-2.5% of the respective NFF values in 2026/27 are deemed to be mirroring the NFF and are to be allowed to set their 2027/28 local factor values between +/-2.5% of the NFF.

8. It has been confirmed that as in previous years, local authorities will be allowed, with the agreement of their Schools Forum, to transfer up to 0.5% of the School Block funding to support the High Needs Block budget.

9. The Cumberland Schools Forum recommends that the NFF is used as the basis for allocating funding to schools in 2027/28 and that if, after applying the formula on this basis and taking into account any budget required to support growth needs there is shortfall or balance remaining in the Schools Block funding then it is proposed that the following principles are applied:

    - if there is shortfall reduce the basic per pupil funding factor values in the formula;

    - if there is a remaining balance transfer up to 0.5% to the HN Block and allocate any leftover balance after that, if available, to schools by increasing basic per pupil funding factor values in the formula.

10. This would continue be the most prudent method of allocating the school budget shares in 2027/28 given that it has been stated that the government still intend to transition to a 'hard' formula in future years and that the majority of local authorities have either adopted the NFF or moved their own local formulae closer towards the NFF in preparation for this change. It will also provide schools with the full funding due to them under the NFF, subject to affordability.

11. A shortfall or balance remaining in the Schools Block funding can arise after allocating the funding to schools using the NFF due to the way local authorities are funded. The actual primary and secondary units of funding at local authority level are based on October 2026 pupil data and changes in pupil characteristics such as eligibility for FSM or changes in attainment levels are not reflected in the primary and secondary units of funding used to allocate the core NFF funding to local authorities in 2027/28. DfE policy summary document details that the changes to FSM eligibility will not be reflected within the NFF due to the lag in data used however additional funding will be available through DSG schools block allocations when published in December 2026.

12. The alternative option would be not to transfer any leftover Schools Block funding to the HN Block but to allocate it, after applying the NFF, to schools through the school funding formula by 'topping up' the AWPU factor values. However, any increases would be limited to +2.5%. However, it is not yet known how much funding will be available (if any) after applying the NFF as the final Schools Block funding, which will be based on the October 2026 census data, has not yet been made available.

13. As indicative DSG allocations have not yet been published, it is not possible to model the impact on individual school budgets of either of the above options.

14. If any leftover Schools Block funding were to be allocated to schools through the schools funding formula by increasing the AWPU factor values above the level of the NFF values, not all schools would see an increase in their budget shares. This is because some schools receive protection through the MPL and MFG factors and therefore, unless the increase in APWU takes them over these levels of protection then they will see no change to their budget shares.

15. There is also a risk that, due to the proposal requiring local authorities to move their local formula closer to the NFF, 'topping up' the NFF factor values by allocating additional funding through the formula would create turbulence for some schools, although they would receive protection against year-on-year reductions through the MFG.

16. The proposed school funding formula for 2027/28 will impact on maintained schools with effect from 1 April 2027 and for academies from 1 September 2027.

17. Final allocations for 2027/28 will be based on the December 2026 dataset which will use October 2026 census pupil data.

Consultation Question 1:

Do you agree with your Schools Forum recommendation that the National Funding Formula continues to be used to allocate funding to schools in 2026/27?

18. As recommended by your Schools Forum, if applying the national funding formula creates an affordability gap within the School Block it is proposed that the basic per pupil funding factor values are reduced down proportionately to a level that it affordable. It should be noted that if this situation were to arise not all schools would see a reduction in their budget shares. This is because some schools receive protection funding through the MPL and MFG factors and are protected against loses through these factors.

Consultation Question 2:

Do you agree with your Schools Forum recommendation that if there is a shortfall in Schools Block funding after applying the National Funding Formula that this is managed by reducing the basic per pupil funding factor values in the formula?

High Needs Funding

19. As published in last year's school funding formula consultation, schools will be aware that, like many other local authorities, Cumberland is experiencing significant budget challenges in relation to funding high needs provision.

20. The DfE requires all local authorities with a cumulative Dedicated Schools Grant (DSG) deficit to set out their plans to bring the reserves back to a balanced position. The forecast net deficit for 2026/27 as per the quarter one report on the DSG reserves is a net deficit of £31.382m. The main pressure on the DSG reserves is the deficit on the HN Block of £39.840m this was offset by a surplus on other DSG blocks of (£8.458m). This this figure does not include school balances which are reported on separately.

21. The deficit on the High Needs budget continues to relate to specific budget pressures relating to the growth in demand for Education Health Care Plans (EHCPs) for children and young people with SEN.

22. In 2025 the DfE announced there would be significant SEND Reforms which would be announced within the Schools White Paper; this paper was published on Monday 23rd February and work is ongoing with the Local Authority, DfE colleagues and Health partners as to what these reforms mean for Cumberland.

23. Regular budget monitoring reports on the High Needs Block budget and progress against the deficit recovery plan are discussed at Schools Forum meetings. The minutes and reports are available to download from the Schools Forum page on the Cumberland website.

24. In previous years funding regulations have allowed for a transfer of a maximum of 0.5% from the Schools Block to the High Needs Block with Schools Forum approval. It has been confirmed this will continue to be the case in 2027/28 despite allocations not yet being published. Your Schools Forum recommends that after applying the NFF to calculate school budget shares, if there is any balance leftover it is transferred to the High Needs Block to support the budget pressures, capped at 0.5%. Any residual balance after transferring up to 0.5% to the High Needs Block would be allocated through the funding formula by increasing the basic per pupil unit factor value, subject to a maximum of +2.5%.

25. It is not possible to confirm the actual value of the transfer to High Needs Block, if any, until the DfE publish the final data set to be used to calculate the school budget shares in December 2026 which takes into account the October 2026 census pupil data and characteristics.

Consultation Question 3:

Do you agree that, if there is any School Block funding remaining after allocating the school funding formula to schools using the NFF, it should be transferred to the High Needs Block? (Up to a maximum of 0.5% of the schools block)

Areas not impacted by this Consultation

26. It should be noted that the following funding streams are not impacted by this consultation:

- Early Years Funding
- Special School and Pupil Referral Units
- Post 16 Education
- Other government grants including Pupil Premium, Universal Infant Free School Meals, Primary Sport & PE grant.

Responding to the Consultation

27. Schools are invited to respond to the 3 questions in this consultation using the online survey at: TBC by **Tuesday 27th October**. Returns submitted after this date will not be included.

28. We encourage every school to respond. We kindly ask that there is only one response per school.