Shropshire Council

Schools Forum	Paper
Date: 22 January 2026	**B**
Time: 8.30 to 10.30	Public
Venue: Via Microsoft (MS) Teams	

Update to School Funding Arrangements 2026-27

Responsible Officer
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Summary

Details of the Government's recent funding announcements for 2026-27 for schools, including high needs and early years, were provided to Schools Forum in December 2025.

This report details specific local funding arrangements from April 2026 for information and consideration by Schools Forum in relation to the schools national funding formula and potential transfer of funding between blocks.

Recommendation

Schools Forum is recommended to note the specific funding arrangements from April 2026 as detailed within this report and that these will be recommended to the Shropshire Council Cabinet for approval at the meeting on the 11th March 2026.

REPORT

Background

In July 2017, the Government announced the introduction of a national funding formula (NFF) for allocating the Schools Block of the Dedicated Schools Grant (DSG) to local authorities from April 2018.

Local authorities, in consultation with their schools and Schools Forum, continue to have some local flexibility on the basis for distributing funding to schools through the National funding formula in 2026-27. It remains the Government's intention to fund all schools nationally via the NFF in the future.

Following consultation with Shropshire schools and Schools Forum, Shropshire's local formula for distributing the Schools Block to individual schools and academies has mirrored the NFF since 2018-19.

Shropshire Schools Forum has a statutory consultative and advisory role in respect of school funding, while the responsibility for determining and approving the funding formula rests with the local authority.

Update to the DSG schools block for 2026-2027

The dedicated schools grant, DSG, schools block is based on the primary unit of funding (PUF) and the secondary unit of funding (SUF). Shropshire's 2026-27 PUF increased from £5,661 to £5,963 – 5.06% and SUF from £6,829 to £7,196 – 5.10%. These units of funding have been multiplied by the total October 2025 school census numbers on roll in Shropshire and added to Shropshire's historic spend on premises factors to give a total Shropshire Schools Block allocation for distribution to schools through the National Funding Formula NFF. The allocation also includes funding for Growth. Growth has seen an increase of 80% from £381,130 to £679,525. Pupil numbers have reduced by 343 between Oct 24 census and Oct 25 census.

25-26 Total schools block	**26-27 Total schools block**	**Increase to SB from 25-26 to 26-27**	**% Increase**
£224,160,699	£234,352,356	£10,191,657	4.55%
147 funded schools 20 secondary schools 127 primary schools			

School Funding Arrangements for 2026-27

The latest operational guidance on schools revenue funding arrangements for 2026-27 was published by the DFE in December 2025.

For 2026-27, the following key elements of the schools NFF will apply:

The increase in funding includes an additional allocation to cover the Schools budget support grant and National insurance contribution grants that were previously funded through the separate grants. The value included within the total 2026/27 allocation is £6,652,464 which equates to 2.98% of the year-on-year funding increase.

Each local authority is provided with an Authority Proforma Tool which must be used to calculate school budget shares. Work completed to date on the APT is demonstrating that the NFF is affordable and Shropshire will be able to fund schools in line with the NFF.

Within the NFF there are factor value limits which are applied in order to allow flexibility to model varying total school budgets.

Difference in budgets will also be due to a movement in the NOR, therefore you cannot compare budgets from year to year if the NOR has changed.

The Primary minimum per pupil funding level (MPPL) has increased from £4,955 to £5,115 - 3.13% and the Secondary MPPL has increased from £6,465 to £6,640 – 2.64%. These levels are included within the NFF within the APT.

The minimum per pupil funding levels are not to be confused with the age weighted pupil units (AWPU) funding levels which are within the NFF and included within Schools individual budget shares.

Growth funding (within DSG schools block)

Growth spend has not been matched to funding for 2026/27. As an additional need has not been identified, spend has been aligned to 2025/26 spend. However, for 2027/28 it should be noted that there may be a greater expenditure need for growth and that the funding may not match that need. For 2026/27 the additional allocation of growth has been distributed to schools via the NFF.

Transfer of Funding between Blocks

The Schools Block remains ringfenced in 2026-27 but local authorities retain limited flexibility to transfer up to 0.5% of their Schools Block funding into another block with approval of Schools Forum. To transfer an amount above 0.5%, approval would need to be sought from the Secretary of State for Education by way of a Disapplication request. Disapplication's must be submitted as early as possible and no later than 17 November 2025 (date for 2026 to sought from DFE.)

In previous financial years, Shropshire Schools Forum approved a transfer up to 0.5% of the Schools Block to the High Needs Block HNB to support the growing pressures in this area. Agreement was given to transfer remaining Schools Block budget (up to 0.5%) after fully funding schools in line with the NFF each year, including transitional protections and caps. In 2025/26 £619,599, 0.28% was transferred to the HNB. Balances of £784,000 (0.49%), £397,000 (0.25%), £842,000 (0.5%) and £876,218 (0.5%) and £949,077 were transferred to the High Needs Block in previous years.

Following from 2025-26 into 2026-27 and increased cost pressures within the High Needs funding, as agreed by Schools Forum on the 11th December 2025, it is our intention to transfer up to 0.5% of the Schools Block budget into the High Needs Block.

Work completed to date on the APT demonstrates that it will be possible to transfer 0.50% (£1,165,244) of the Schools Block into the High Needs Block after fully funding schools in line with the NFF.

The 2026/27 DSG allocation has been applied to the (APT) using a range between the minimum and maximum threshold factor values which has produced the following options for school's forum to consider;

Transfer to High needs blocks options

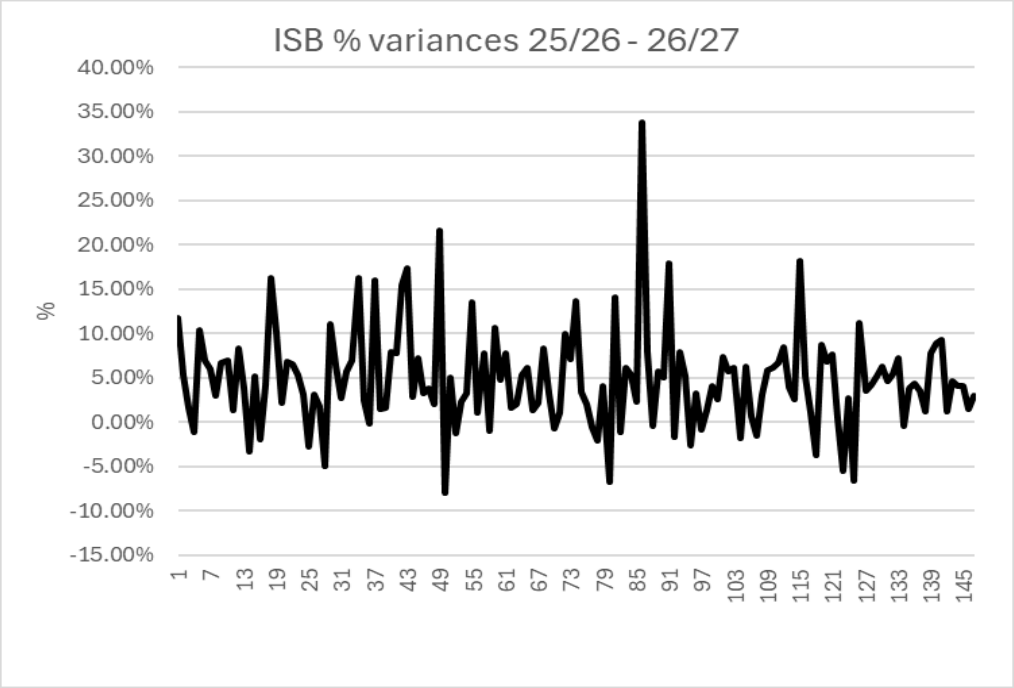
Option 1 Transfer 0.5% from schools block to HNB						
Shropshire Schools Block Funding 2026.27	£	234,352,356				
Applying NFF to School Budgets	£	232,813,453		4.32%	increase	
Additional grants rolled into the DSG allocation. SBSG & NICS	£	*6,652,464*		2.98%	within increase	
Growth spend	£	373,660			*80% funding increase £679,525*	
Transfer to High needs block 0.5%	£	1,165,244	£	33	per pupil	
Increase from 25/26 to 26/27 without Additional Grants				1.34%	£84	per pupil

Option 2 Transfer 0% from schools block to HNB						
Shropshire Schools Block Funding 2026.27	£	234,352,356				
Applying NFF to School Budgets	£	233,971,806		4.84%	increase	
Additional grants rolled into the DSG allocation. SBSG & NICS	£	*6,652,464*		2.98%	within increase	
Growth spend	£	373,660.00			*80% funding increase £679,525*	
Transfer to High needs block 0%	£	6,891	£	0	per pupil	
Increase from 25/26 to 26/27 without Additional Grants				1.86%	£116	per pupil

Option 3 Transfer 1% from schools block to HNB - for demonstration purposes only as Disapplication request deadline has passed						
Shropshire Schools Block Funding 2026.27	£	234,352,356				
Applying NFF to School Budgets	£	231,641,804		3.80%	increase	
Additional grants rolled into the DSG allocation. SBSG & NICS	£	*6,652,464*		2.98%	within increase	
Growth spend	£	373,660.00			*80% funding increase £679,525*	
Transfer to High needs block 1%	£	2,336,893	£	66	per pupil	
Increase from 25/26 to 26/27 without Additional Grants				0.82%	£51	per pupil

Individual school budget Impact of Option 1 - Transfer 0.5% from schools block to HNB

- A sample of 8 schools with no NOR year on year variance have % gains between 2.85% to 10.38% with grants and 0% to 7.59% excluding the additional grants gain.
- 123 schools receive an increase greater than zero. The maximum of 33.74% relates to a new school. The next highest increase of 21.58% relates to a school with increased NOR of 21.
- 24 schools received a reduction of less than or equal to zero. The greatest reduction of 7.93% relates to a school with a loss of 13 NOR.



Cabinet will be asked to recommend approval of the Shropshire schools funding formula for 2026-27 that delivers funding to Shropshire schools and academies through the application of the NFF formula factors and weightings on 11 March 2026.