

**School Funding Formula
for 2027/28
Consultation**

**Consultation between Westmorland & Furness Schools Forum and
Maintained Schools & Academies* within Westmorland & Furness**

Consultation Commences: Monday 12 October 2026

Deadline for responding to the consultation: Friday 23 October 2026

*Please note throughout this consultation the term “schools” applies to both maintained schools and academies.

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 determine, following consultation with their schools and Schools Forum, whether to implement the NFF in full or to apply a locally determined funding formula for 2027/28.
2. This consultation seeks the views of all mainstream schools, academies and the Schools Forum within Westmorland & Furness on the proposed school funding formula for 2027/28.
3. All schools are encouraged to participate in this consultation by completing the online survey available [here](#). Responses must be submitted by **Friday 23 October 2026**. The outcome of the consultation will be reported to Schools Forum at its next meeting on 4 November 2026. Taking account of the consultation responses, Schools Forum will make a recommendation to Cabinet members, who will determine the final school funding arrangements for 2027/28 in December 2026.
4. On 31 July 2026, the Department for Education (DfE) advised local authorities that publication of the school and local authority level NFF Dedicated Schools Grant (DSG) allocations for 2027/28 had been delayed until Autumn 2026. At the time of writing, no publication date has been confirmed. To assist local authorities with planning their local funding arrangements, the DfE issued a summary document on 2 October 2026 outlining the structure of the 2027/28 NFF. However, detailed funding rates and allocations have not yet been published.
5. To meet the statutory requirement to publish schools' budget shares by 28 February 2027, it is necessary to consult schools at this stage on the proposed principles underpinning the 2027/28 funding formula. This timescale allows sufficient time for consultation, consideration of responses by Schools Forum, Cabinet decision-making and the subsequent implementation of the agreed formula

Westmorland & Furness Schools Funding Formula in 2026/27

6. When the final DSG Schools Block allocation was confirmed by the DfE in December 2025, a funding shortfall of £0.950m remained after applying the NFF in full. This was addressed through the removal of the optional Growth Fund budget of £0.071m and a modest reduction in the basic per pupil funding unit values. No transfer of funding was made from the Schools Block to the High Needs Block

Shape of the National Funding Formula in 2027/28

7. Only limited information regarding school funding arrangements for 2027/28 has been published by the DfE. The information currently available confirms that:

- NFF will use the same formula factors as the 2026/7 NFF including the Minimum Per Pupil Level (MPPL) with all factors operating in the same manner as the previous year.
 - Funding currently distributed through the School Budget Support Grant and the Free School Meals (FSM) Expansion Grant will be incorporated into the NFF.
 - The NFF will be adjusted to reflect the reduction in the Teachers' Pension Employer Contribution Rate from 28.6% to 17.6% effective from 1 April 2027.
 - Local authorities will retain responsibility for determining local funding formulae (within DfE prescribed parameters), setting Growth or Falling Rolls Funds where appropriate, and transferring up to 0.5% of Schools Block funding to the High Needs Block, subject to Schools Forum approval.
8. In addition, local authorities must continue to move local formula factor values closer to the corresponding NFF rates unless they already effectively mirror the NFF. For 2027/28, local authorities must bring remaining factor values at least a further 10% closer to NFF values. Factor values within 2.5% of the equivalent NFF rate are deemed to mirror the NFF and may therefore be set within a margin of +/- 2.5% of the corresponding 2027/28 NFF value.
 9. Schools Forum is recommending that the NFF continues to be used as the basis for allocating Schools Block funding in 2027/28. If, following the application of the NFF, there is either a funding shortfall or a surplus within the Schools Block allocation, it is proposed that the following principles apply:
 - Where a funding shortfall exists, basic per pupil funding unit values would be reduced proportionately to achieve affordability.
 - Where funding remains available after allocation through the NFF, up to 0.5% would be transferred to the High Needs Block.
 10. It is not proposed to establish either a Growth Fund or Falling Rolls Fund in 2027/28. This approach ensures that the maximum level of Schools Block funding remains available for distribution through the funding formula. The continued use of the NFF, supported by the principles outlined above, is considered the most prudent approach given the Government's stated intention to move towards a fully "hard" NFF in future years. It also reflects the position adopted by most local authorities, which have either implemented the NFF in full or aligned their local formulae more closely to it.
 11. This approach will provide schools with the full funding due to them under the NFF, subject to affordability considerations. The potential value of any transfer to the High Needs Block cannot be estimated at this stage, as the final Schools Block allocation has not yet been confirmed.
 12. As an alternative, any unallocated Schools Block funding could be redistributed through the funding formula by increasing basic per pupil funding unit values above NFF rates, subject to parameters prescribed by the DfE.

13. However, there is a risk that this approach may create affordability pressures in future years, as any increase would become part of schools' funding baselines while the associated funding is not reflected in the notional school budgets used by the DfE when calculating local authority level NFF allocations.
14. Under either approach, it is anticipated that there is unlikely to be any significant residual balance remaining in the Schools Block after using the NFF to allocate funding to schools.
15. Variances between the Schools Block funding allocated to local authorities and the funding generated through application of the NFF to schools can arise because local authority funding is based on October 2025 census data, whereas school level NFF allocations are calculated using October 2026 census data. As a result, changes in pupil characteristics, including eligibility for FSM or attainment indicators, are reflected in school allocations but not fully reflected in local authority funding allocations, which are updated primarily to reflect changes in pupil numbers only.
16. As indicative DSG allocations for 2027/28 have not yet been published, it is not currently possible to model the impact of these options on individual school budgets. The agreed funding formula will apply from 1 April 2027 for maintained schools and from 1 September 2027 for academies.

Consultation Question 1:

Do you agree with your Schools Forum recommendation that the National Funding Formula should continue to be used to allocate funding to schools in 2027/28?

17. Consistent with the recommendation of Schools Forum, it is proposed that any affordability gap arising from the application of the NFF is managed through a proportionate reduction in the basic per pupil funding unit values.
18. It should be noted that such an adjustment would not necessarily result in lower funding allocations for all schools. This is because schools receiving protection through the Minimum Funding Guarantee (MFG) and Minimum Per Pupil Level (MPPL) factors would continue to benefit from those protections, which safeguard funding levels against reductions relative to their 2026/27 per pupil funding baselines

Consultation Question 2:

Do you agree with your Schools Forum recommendation that, where a funding shortfall arises within the Schools Block following application of the National Funding Formula, affordability should be managed through a proportionate reduction in the basic per pupil funding factor values?

Optional Exceptional Circumstances Factor

19. As in previous years, the 2027/28 NFF includes an optional exceptional circumstances factor that local authorities may use to support specific premises-related costs, such as rental charges and to provide additional support for very sparse secondary schools (VSSS).

Rents

20. Westmorland & Furness has historically used this factor to support a small number of schools that incur rental costs for halls, school buildings or land required to deliver the curriculum. Under DfE regulations, this factor may only be applied where fewer than 5% of schools within the local authority area are affected and where the additional premises costs exceed 1% of a school's budget share.
21. Local authorities are required to seek annual approval from the DfE to continue using this factor. Approval was granted for four schools in 2026/27. A further two schools are expected to meet the eligibility criteria in 2027/28. The table below sets out the rent costs included in the 2026/27 funding formula together with estimated costs for 2027/28:

School	Premises	2026/27	2027/28	Variance
Greystoke	Greystoke Village Hall	£6,608	£6,013	-£595
Levens	Land and Buildings Levens School	£13,477	£21,542	£8,065
Penruddock	Penruddock Village Hall	£4,561	£5,735	£1,174
Dallam	Dallam School at Heversham and fields	£150,000	£150,000	£0
St Cuthbert's	Parish Hall	£0	£9,350	£9,350
Old Hutton	Old Hutton Public Hall	£0	£9,000	£9,000
	Total	£174,646	£201,640	£26,994

22. Some lease agreements are due for review or renewal during 2027/28 and, as a result, the figures shown above are currently estimates. Any over or underfunding identified once final costs are known will be reflected through appropriate adjustments in the 2028/29 funding formula.
23. Subject to DfE approval, eligible schools will receive the funding amounts set out above. However, funding provided to local authorities for these costs is incorporated within the premises funding element of the Schools Block allocation and is based on the previous year's costs. Consequently, increases or decreases in rent costs are reflected in local authority funding with a one-year delay. While this can affect the overall affordability of the funding formula, the impact on individual school budget shares is generally minimal.
24. Schools Forum recommends the continued use of this optional exceptional circumstances factor to support eligible schools with rental costs in 2027/28.

Consultation Question 3:

Do you agree with the Schools Forum recommendation to continue using the exceptional circumstances factor to support eligible schools with rental costs, subject to DfE approval?

Very Small Sparse Secondary Schools

25. Local authorities may also apply to the DfE for permission to use the exceptional circumstances factor to provide additional support for very small sparse secondary schools (VSSS) that may otherwise struggle to attract sufficient funding to remain financially viable. While the NFF includes a mandatory sparsity factor for small remote schools, local authorities may allocate additional funding to remote secondary schools that meet the following minimum DfE criteria:
 - Have pupils in years 10 and 11;
 - Have 350 pupils or fewer; and
 - Have a sparsity distance of 5 miles or more.
26. These are the minimum eligibility thresholds established by the DfE. Local authorities may apply more restrictive criteria if appropriate and may allocate up to £50,000 per eligible school.
27. Westmorland & Furness obtained DfE approval to use this factor in 2026/27. However, Schools Forum agreed that it should only be applied if it could be funded without adversely affecting the affordability of the wider funding formula. As a Schools Block funding shortfall existed in 2026/27, the factor was not implemented
28. As with the rents factor, funding for the VSSS factor is subject to a one-year lag. Consequently, introducing the factor in 2027/28 could require a temporary reduction in basic per pupil funding unit values across all schools to maintain affordability. This impact would be limited to the first year of implementation, as funding would be reflected in future Schools Block allocations.
29. The financial sustainability of small rural secondary schools remains a significant concern locally. Westmorland & Furness is therefore keen to explore use of this factor for the first time in 2027/28.
30. The DfE recognises that the standard sparsity factor does not always fully reflect the challenges faced by small rural secondary schools and has provided this additional mechanism to offer further support where required. Before confirming its support and making a recommendation to Westmorland & Furness, Schools Forum wishes to seek the views of all schools on whether an application should be submitted to the DfE to implement the factor in 2027/28.
31. It is recognised that implementation of the factor may create affordability pressures during 2027/28 because of the funding lag described above. As Schools Block allocations have not yet been published, it is not possible to model the actual impact for 2027/28.
32. However, to support consideration of this proposal, illustrative modelling has been undertaken using the 2026/27 actual school funding formula and the minimum DfE eligibility thresholds with an assumed funding value of £50,000 per eligible school. Based on this analysis, the six schools listed below would have qualified for support:

School Name	Phase	Pupil Numbers (Oct 25)	Sparsity Distance (miles)
Samuel King's School	Secondary	117	16.66
John Ruskin School	Secondary	247	9.73
Queen Elizabeth Studio School	Secondary	263	5.55
Settlebeck School	Secondary	203	11.99
Kirkby Stephen Grammar School	Secondary	322	10.31
Appleby Grammar School	Secondary	320	9.90

33. It should be noted that:

- the sparsity distances are recalculated annual by the DfE using pupil-level data. The methodology identifies all pupils for whom it is the nearest compatible school and calculates the average road distance from those pupils' home postcodes to their second nearest compatible school. As a result, eligibility may vary between years and schools that are currently close to the threshold may not qualify in future years as pupil data changes.

and

- any application of alternative minimum thresholds (i.e. lower pupil numbers and/or greater sparsity distances) would impact on the number of eligible schools and therefore the affordability adjustment against the basic per pupil unit values for all schools. For example, if the pupil numbers threshold was reduced from 350 to 250 or fewer only 3 schools would meet the eligibility criteria.

34. The modelled impact of introducing the VSSS factor on individual school budget shares is at Appendix 1. If implemented, a one-off technical adjustment would be required to exclude the additional VSSS allocation from Minimum Funding Guarantee (MFG) baseline calculations. The modelling assumes that this adjustment would be approved by the DfE. The table below summarises the impact on the six eligible schools.

School Name	Number on Roll	26-27 Post MFG Budget	26-27 Post MFG Budget with VSSS	Increase
Samuel King's School	117	£1,109,480	£1,159,480.04	£50,000
John Ruskin School	247	£1,996,873	£2,046,872.84	£50,000
Queen Elizabeth Studio School	263	£2,045,801	£2,095,801.32	£50,000
Settlebeck School	203	£1,626,153	£1,676,153.17	£50,000
Kirkby Stephen Grammar School	322	£2,431,121	£2,475,665.70	£44,545
Appleby Grammar School	320	£2,459,120	£2,503,685.03	£44,565

35. To accommodate the additional funding within a cost-neutral funding formula, the basic per pupil funding unit values for all schools, including those in receipt of the VSSS funding, would require the following reductions:

Description	26-27 Actual	26-27 with VSSS	Reduction
Primary (Years R-6)	£4,060.39	£4,048.84	-£11.55
Key Stage 3 (Years 7-9)	£5,680.95	£5,664.79	-£16.16
Key Stage 4 (Years 10-11)	£6,404.31	£6,386.09	-£18.22

36. Due to the operation of funding protections within the formula, not all six eligible schools would receive the full benefit of the additional £50,000 allocation. The reduction in basic per pupil funding unit values would cause some schools' per pupil funding levels to fall below their protected baseline levels, resulting in additional MFG protection funding being applied. For two schools, however, per pupil funding would remain above their baseline levels despite the reduction in unit values, meaning that they would experience a small offsetting impact from the affordability adjustment.
37. In terms of the 135 schools not in receipt of VSSS funding:
- 14 primaries and 2 secondaries would experience no impact due to MFG or MPPL protections;
 - 50 primary schools would experience a reduction of less than £1,000;
 - 57 primary schools would experience a reduction greater than £1,000, with largest reduction estimated at £4,703 for a school with 407 pupils;
 - 11 secondary schools would experience a reduction exceeding £6,000, with largest reduction estimated at £21,752 for a school with 1,281 pupils; and
 - The authority's single all-through school would experience a reduction of £7,271.
38. The actual impact of introducing the VSSS factor, together with other factors affecting affordability, will not be known until the DfE publishes final 2027/28 funding arrangements and the school census dataset that will be used to calculate school budget shares in December 2026. Introducing the VSSS factor in 2027/28 could result in a temporary reduction in the basic per pupil funding unit values across all schools because of the one-year funding lag, however, this would be a temporary one-year impact.

Consultation Question 4:

Do you agree that the optional exceptional circumstances factor should be used to provide additional support for very sparse secondary schools, subject to DfE approval?

If yes:

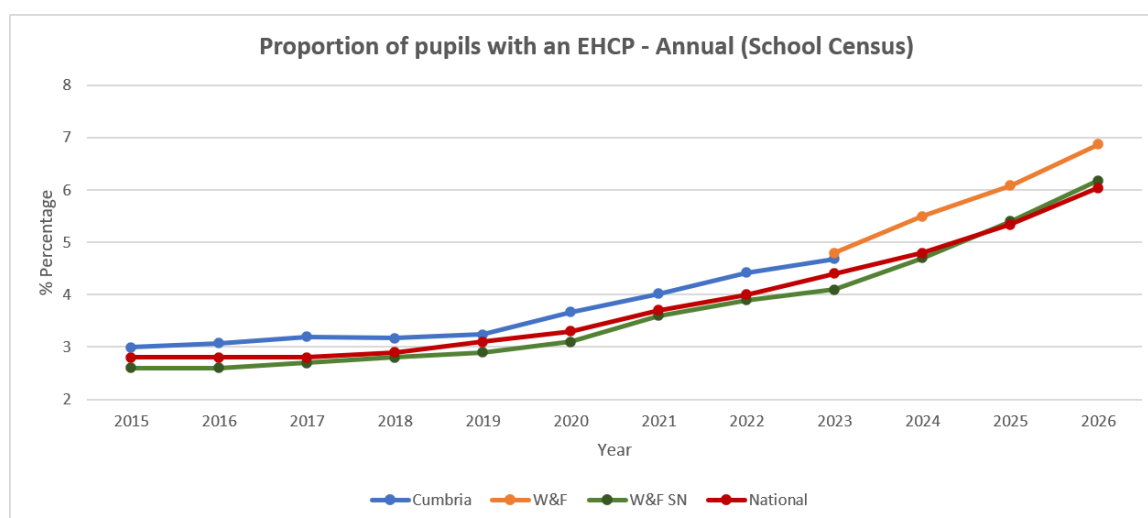
- a) Do you agree that the minimum eligibility thresholds specified by the DfE should be applied?**
- b) If not, what alternative minimum eligibility thresholds would you recommend?**

High Needs Funding

39. As highlighted in previous school funding formula consultations, Westmorland & Furness continues to face significant financial pressures in relation to the funding of high needs provision, reflecting challenges experienced by many local authorities nationally.
40. At 31 March 2026, the cumulative DSG deficit stood at £33.034m. This comprised a High Needs Block deficit of £39.428m offset by a surplus of £6.394m across the remaining DSG funding blocks. Overall, the position deteriorated by £10.899m during the year, primarily due to an in-year High Needs Block pressure of £13.008m, partially offset by a surplus of £2.109m on the other DSG Blocks:

Position	Other DSG Blocks	High Needs Block	Total
DSG Balance as at 31 March 2025	(£4.285m)	£26.420m	£22.136m
Actual over/ (under) spends on DSG in 2025-26	(£2.109m)	£13.008m	£10.899m
DSG Balance as at 31 March 2026	(£6.394m)	£39.428m	£33.034m

41. The principal driver behind this pressure continues to be increasing demand for Education Health Care Plans (EHCPs) for pupils with special educational needs. This reflects a national trend affecting many local authorities. At 31 March 2026, 2,737 children and young people in Westmorland & Furness had an EHCP. This number is forecast to increase to 2,963 by March 2027.
42. Benchmarking data demonstrates the proportion of pupils with EHCPs in Westmorland & Furness remains above the national average and that of its statistical neighbours. However, the rate of growth is broadly consistent with that experienced by comparable authorities:



43. Whilst increasing demand is a significant factor, the financial challenge is not solely demand-driven. Westmorland & Furness remains comparatively underfunded within the national high needs funding system. The authority currently receives approximately £851 per head of the resident population aged 2 to 18, compared with a national average of approximately £1,050 per head.
44. In February 2026 the government announced that they will address long standing SEND financial pressures by covering up to 90% of local authorities' DSG deficits accrued up to the end of 2025/26 through the High Needs Stability Grant, subject to approval of a local SEND Reform Plan by the Secretary of State for Education. Westmorland & Furness has recently been notified that its plan has been approved and is expected to receive approximately £29.7m grant funding in November 2026.
45. Developed jointly with schools and Integrated Care Boards, the local SEND Reform Plan sets out how Westmorland & Furness will establish a more inclusive, responsive and financially sustainable SEND system. As part of this work, at least 109 additional specialist base places are planned within mainstream schools. While the plan forecasts continued in-year deficits over the next two years, the rate of growth is expected to slow from 2027/28 onwards:

£'000s	2024/25 Outturn	2025/26 Draft Outturn	2026/27 Forecast	2027/28 Forecast
In Year HNB	8,061	13,008	19,457	26,030
In Year - Other DSG	148	(2,109)	0	0
Total in year	8,209	10,899	19,457	26,030
Cumulative	22,136	33,035	52,492	78,522

46. Many of the projects to increase specialist bases require capital investment and therefore will take time to generate measurable savings. However, savings from currently modelled interventions are projected to reach £2.2m by the end of 2029/30. Further initiatives, including proposals relating to post-16 and post-19 provision and the development of a new SEMH Transformation Hub have not yet been included within the financial modelling and are expected to generate additional benefits.
47. Despite these planned mitigations the accumulated High Needs Block deficit remains a significant concern. Even with ongoing government support in 2026/27 and 2027/28 (not yet confirmed), a substantial deficit will remain.
48. Regular High Needs Block budget monitoring reports continue to be presented to Schools Forum. Associated reports and minutes are publicly available [here](#). Westmorland & Furness is also required to submit quarterly progress reports on delivery of its SEND Reform Plan to the DfE.
49. Schools Forum recommends that any residual Schools Block funding remaining after application of the NFF is transferred to the High Needs Block, up to a maximum of 0.5%. Should any balance remain after such a transfer, it would be redistributed through the funding formula by increasing the basic per

pupil funding unit values, subject to any limits prescribed by the DfE. It is, however, considered unlikely that this situation will arise.

50. The actual value of any transfer to the High Needs Block cannot be determined until the DfE publishes the final funding dataset in December 2026, including October 2026 school census data and associated pupil characteristics.

Consultation Question 5:

Do you agree that any School Block funding remaining after application of the NFF should be transferred to the High Needs Block, up to the maximum 0.5% level?

Areas not impacted by this Consultation

51. It should be noted that the following funding streams are outside the scope of 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

52. Schools are invited to respond to the five consultation questions by completing the online survey no later than **Friday 23 October 2026**. Responses received after this date cannot be considered as part of the consultation process.
53. Responses from all schools are welcomed and encouraged. To ensure fairness and consistency, schools are requested to submit a single response on behalf of their organisation.

Appendix

1. Illustrative modelling of the impact of introducing the Very Small Sparse Secondary schools (VSSS) factor based on actual 2026/27 school funding formula