

**School Funding Formula
for 2026/27
Consultation**

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

Consultation Commences: Monday 13 October 2025

Deadline for responding to the consultation: Friday 24 October 2025

*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 2026/27 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 Westmorland & Furness mainstream schools/academies and Schools Forum to seek views on the proposed changes to the schools funding formula in 2026/27. 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. The deadline for responding to the consultation is 24 October 2025. The outcome of the consultation will be reported to Schools Forum at its next meeting on 5 November who will, after taking into consideration the consultation results, make a recommendation to Cabinet members who will decide on the final shape of the school funding formula for 2026/27 in December 2025.
4. In July of each year the Department for Education (DfE) usually announce details of the Dedicated Schools Grant (DSG) funding for the next financial year. However, due to the timing of the Spending Review this summer, the DfE have confirmed that the provisional allocations will not be available until autumn and, at the time of writing, no release date has been confirmed. However, in order to assist local authorities in planning their school funding formula for 2026/27 the DfE have issued a summary document setting out the structure of the National Funding Formula (NFF) in 2026/27 although no financial values have been published. Due to the timeline for consultation with schools, feedback to Schools Forum, a decision by Cabinet on the formula and publication of 2026/27 school budget shares by the statutory deadline of 28 February means that a consultation with schools in principle is required to ensure the deadlines can be met.

Westmorland & Furness Schools Funding Formula in 2025/26

5. Last year, following consultation with schools and Schools Forum the school budget shares were calculated using the NFF in 2025/26 and it was recommended by Schools Forum and agreed by Cabinet 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 2025/26 in December 2024, the school funding formula was calculated on the basis agreed and there was a surplus of £0.106m. As recommended by Schools Forum and agreed by Cabinet, this was transferred to the High Needs Block to support budget pressures.

Shape of the National Funding Formula in 2026/27

6. Local authorities will continue to have flexibility to set a local school funding formula in 2026/27 and the government continues its commitment 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. The DfE have confirmed that the NFF will use the same formula factors as the 2025/26 NFF including the Minimum Per Pupil Level (MPPL) and Minimum Funding Guarantee (MFG) and all factors will operate in the same way as they did in 2025/26 although no values have been published. Those local authorities whose school funding formula factor values were within +/-2.5% of the respective NFF values in 2025/26 are deemed to be mirroring the NFF and are only allowed to set their 2026/27 factor values between +/-2.5% of the NFF values. As Westmorland & Furness Council mirrored the NFF in 2025/26 these restrictions will apply in 2026/27.
8. In previous years, local authorities have been 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, however, it has not yet been confirmed if transfers will be allowable in 2026/27.
9. The Westmorland & Furness Schools Forum recommends that the NFF is used as the basis for allocating funding to schools in 2026/27 (as in previous years) and 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 to be the most prudent method of allocating the school budget shares in 2026/27 given 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 DSG Schools Block funding can arise after allocating the funding to schools using the NFF due to the way local authorities are funded. The actual 2026/27 primary and secondary units of funding at local authority level are based on October 2024 census data however the NFF allocated to schools is based on October 2025 census data. Therefore, changes in pupil characteristics, such as eligibility for FSM or changes in attainment levels between years, are not reflected in the primary and secondary units of funding used to allocate the core NFF funding to local authorities in 2026/27 which is only updated for changes in pupil numbers.

12. For example, if there is a significant growth in Free School Meals (FSM) eligibility between years, this can mean that applying the NFF in full is unaffordable. Westmorland & Furness Council is currently undertaking FSM auto-enrolment which aims to auto-enrol pupils who are entitled to FSM but whose families have not applied, unless they opt out. The eligibility checks will be completed in time for the October 2025 census but at this stage it is not known what the impact will be however it is expected to increase deprivation funding for eligible schools through the school funding formula, pupil premium and the High Needs Block. Whilst this is welcome, it could present a short term Schools Block cost pressure in 2026/27 due to the lagged funding arrangement.
13. The alternative option would be not to transfer any leftover Schools Block funding to the High Needs Block but to allocate it, after applying the NFF, to schools through the school funding formula by 'topping up' the basic per pupil factor values. However, any increases would be limited to +2.5% due to the restrictions that the DfE apply on local authority flexibility. 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 2025 census data, will not be made available until December 2025.
14. 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.
15. If any leftover Schools Block funding were to be allocated to schools through the schools funding formula by increasing the basic per pupil 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 MPPL and MFG factors and therefore, unless the increase in factor values takes them over these levels of protection then they will see no change to their budget shares.
16. There is also a risk that as local authorities must 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 in future years, although they would receive protection against year-on-year reductions through the MFG.
17. The proposed school funding formula for 2026/27 will impact on maintained schools with effect from 1 April 2026 and for academies from 1 September 2026.
18. Final allocations for 2026/27 will be based on the December 2025 dataset which will use October 2025 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?

19. 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 is 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 MPPL and MFG factors and are protected against losses 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?

Optional Exceptional Circumstances Factor

20. As in previous years, the 2026/27 NFF includes an optional factor that local authorities can use for exceptional circumstances relating to schools premises, for example, rents and to support very sparse secondary schools.

Rents

21. Westmorland & Furness has used this factor for a small number of schools to fund the cost of renting halls/school buildings and land to deliver the curriculum. The use of this factor for this purpose can only apply to fewer than 5% of schools in the local authority area and the additional cost to the schools must be more than 1% of their school budget share in order to qualify for funding.
22. Each year the local authority must apply to the DfE for approval to continue to use this optional factor to support eligible schools with rent costs. In 2025/26 the LA applied and received approval to use the factor for 4 schools however, only 3 schools met the eligibility criteria once the final rents and school funding formula data was confirmed. The below table shows the rent cost amounts included in the 2025/26 school funding formula and estimated rents for 2026/27:

School	Premises	2025/26	2026/27	Variance
Greystoke	Greystoke Village Hall	£0	£5,587	£5,587
Levens	Land and Buildings Levens School	£11,391	£13,477	£2,086
Penruddock	Penruddock Village Hall	£5,982	£5,600	-£382
Dallam	Dallam School at Heversham and fields	£290,700	£150,000	-£140,700
	Total	£308,073	£174,664	-£133,409

23. Some of the lease agreements are subject to review/renewal in 2026/27 and therefore the figures above are estimates. Adjustments will be made for any under or overfunding in 2027/28, if required.
24. The funding for this factor will be included in the premises funding element of the 2026/27 DSG Schools Block allocation based on 2025/26 funding levels.

Therefore, the use of this factor in the NFF does not impact on any other schools' budget shares.

25. Your Schools Forum recommends the continued use of this optional NFF in 2026/27.

Consultation Question 3:

Do you agree with your Schools Forum recommendation for the continued use of the optional circumstances factor to support eligible schools with rent costs, subject to DfE approval?

Very Small Sparse Secondary Schools

26. Local authorities can also make an application to the DfE to use the exceptional circumstances factor to support very small sparse secondary schools who would otherwise be unable to attract sufficient funding to remain viable. The NFF already includes a compulsory sparsity factor to support small remote schools, however local authorities can allocate additional sparsity funding to very small remote secondary schools meeting the below minimum requirements:

- Pupils in years 10 and 11
- 350 pupils or fewer
- A sparsity distance of 5 miles or more

27. Local authorities are allowed to set tighter thresholds than the minimum levels specified by the DfE and have flexibility to allocate up to a maximum of £50,000 per eligible small secondary school.

28. Westmorland & Furness has not previously applied to use this optional factor. If the local authority were successful in gaining DfE approval to use it in 2026/27 the funding for it would be lagged. In other words, the factor could be applied to eligible very small secondary schools in 2026/27 but the funding from government would be received in 2027/28 based on the actual amount allocated to schools in 2026/27.

29. Your Schools Forum recommends that an application is made to the DfE to use this factor to support very sparse secondary schools whose sparsity distance is 10 miles or more to target the funding to the most geographically remote secondary schools, subject to affordability. Based on 2025/26 data this would mean that the following 3 schools may be eligible in 2026/27:

School Name	Phase	Pupils (Oct 24)	Sparsity Distance (miles)
Samuel King's School	Secondary	106	16.10
Settlebeck School	Secondary	205	12.16
Kirkby Stephen Grammar School	Secondary	340	10.33

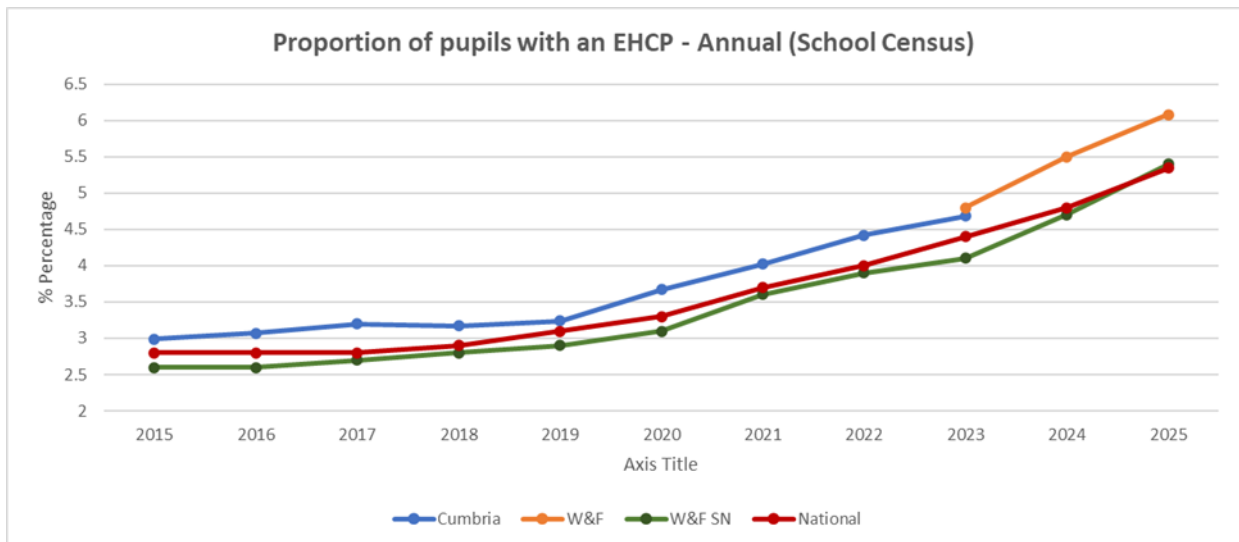
30. It is important to note that sparsity distance measurements are calculated based on the average distance of each pupils' home postcodes to their next nearest eligible school. Therefore, sparsity distances can vary from one year to the next year meaning that a school could qualify for additional sparsity funding one year but not the next.
31. It is not possible to confirm the value of this factor if it were to be applied until the DfE publish the final data set to be used to calculate the school budget shares in December 2025. If there is a shortfall in the Schools Block funding after applying the NFF in full and the use of this factor was not affordable it would not be applied so that other schools and academies are not negatively impacted.

Consultation Question 4:

Do you agree with your Schools Form that the optional exceptional circumstances factor should be used to support very sparse secondary schools with a sparsity threshold of 10 miles or more, subject to affordability and DfE approval?

High Needs Funding

32. As published in last year's school funding formula consultation, schools will be aware that, like many other local authorities, Westmorland & Furness is experiencing significant budget challenges in relation to funding high needs provision.
33. 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 cumulative net DSG reserves deficit is forecast to be £32.009m as at June 2025. This figure does not include school balances which are reported on separately. The main pressure on the DSG reserves is the forecast deficit on the HN Block of £36.556m, this is offset by a forecast surplus on other DSG blocks of (£4.547m).
34. The deficit on the High Needs budget continues to relate to specific pressures relating to the growth in demand for Education Health Care Plans (EHCPs) for pupils with SEN which reflects the national picture with many other local authorities also experiencing significant pressure against the High Needs budget.
35. The benchmarking chart below shows that Westmorland & Furness' percentage of pupils with EHCPs is higher compared to both national and its statistical neighbours although the rate of increase for Westmorland & Furness is matched by the rate of increase of its statistical neighbours:



36. Regular budget monitoring reports on the High Needs Block budget are discussed at Schools Forum meetings. The minutes and reports are available to download from the [Schools Forum](#) page on the Westmorland & Furness website.
37. Westmorland & Furness took part in the DfE's Delivering Better Value for SEND programme which has now ended. A DSG management plan was developed in 2023 and the mitigations were calculated on projections of growth in EHCPs which have proved to be underestimated. The increasing deficit is of huge concern and the service are reviewing all mitigations in place and looking to extend these mitigations further. The mechanisms to track expenditure and volume of need are being revised and a delivery plan has been developed. We have committed to revising the DSG management plan with updated projections and mitigations.
38. It has not yet been confirmed if local authorities will be allowed to transfer funding between DSG blocks, as in previous years. However, 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%, subject to confirmation that transfers will be allowable in 2026/27. Any residual balance would be allocated through the funding formula by increasing the basic per pupil unit factor value, subject to a maximum of +2.5%.
39. 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 2025 which takes into account the October 2025 census pupil data and characteristics.

Consultation Question 5:

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

Areas not impacted by this Consultation

40. 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

41. Schools are invited to respond to the 5 questions in this consultation using this online survey by **Friday 24 October 2025**. Returns submitted after this date will not be included.
42. We encourage every school to respond. We kindly ask that there is only one response per school.