

Agenda Item 3

 <p>London Borough of Hammersmith & Fulham</p> <p>SCHOOLS FORUM</p> <p>20th January 2026</p>
Schools Block Mainstream Budget 2026/27
Open
Classification - For scrutiny, review and comment
Wards Affected: All
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Purpose of the report This report sets out the final Schools Block allocation of the Dedicated Schools Grant for 2026/27 following the receipt of final funding allocations and the Authority Proforma Tool (APT) in December 2025.
Schools Forum are asked to review and agree the recommendations. This will determine the final budget allocation for the financial year 2026/27.
The paper also details the proposed Central Services Schools Block funding allocations for 2026/27.

1. Introduction

- 1.1. The final allocation of the Schools Block of the Dedicated Schools Grant for 2026/27 has been received from the Department for Education (DfE) at £127.775m based on October 2025 census numbers.
- 1.2. In 2025/26, mainstream schools received funding through the National Insurance Contributions Grant and the Schools Budget Support Grant in addition to their DSG allocation through the Schools Block. From 2026/27 the funding previously distributed through these grants will be allocated through the Schools Block. The DfE has made a 2025/26 baseline adjustment to ensure schools are not disadvantaged. The value of the adjustment is £3.140m and has been allocated through the basic per pupil funding factor, Free School Meals Ever 6 factor and the lump sum factor.

1.3. Table 1 below details the change in the final allocation for 2026/27 notified in December 2025 compared with the final 2025/26 Schools Block allocation adjusted for the separate grants as described in paragraph 1.2.

Table 1 Schools Block Funding Allocation Year on Year

	2025/26	2026/27	
Number of pupils (R to Y11)	15,625	15,466	
	2025/26 £m	2026/27 £m	Movement between years £m
Schools Block Baseline (excludes growth funding)	121.859	125.680	
Additional Grants:			
NICS	1.945		
SBSG	1.195		
Premises Factor	1.425	1.431	
Sub-total before growth and falling rolls funding	126.424	127.111	0.687
Per pupil funding before growth and falling rolls £	8,091	8,219	1.58%
Growth funding	0.228	0.328	
Falling rolls funding into LA level funding	0.840	0.335	
Total Schools Block Funding	127.492	127.775	

1.4. Per pupil funding has increased by 1.58% for Hammersmith and Fulham mainstream schools. This compares to a 2.48% increase nationally.

2. Schools Block 2025/26 Budget Consultation Feedback

2.1. A short consultation for the 2026/27 schools block budget was launched on 12th January 2026 following the release of the proposed budget model to Schools Forum on Friday 9th January. The consultation consisted of briefing workshops and requests for feedback on the proposed model from schools. This ended on Friday 16th January. An update will be tabled for Schools Forum in January 2026 on the consultation responses from schools and in with respect to responses on the proposed Schools to High Needs block transfer of 1%.

3. 2026 to 2027 Final Budget Modelling

- 3.1. The final modelling uses the Department for Education (DfE) Authority Proforma Tool (APT) and 2026/27 schools' budget operational guidance. Pupil numbers are based on the October 2025 census.
- 3.2. The final model has been produced consistent with the principles agreed by Schools Forum in December 2025. The model follows the principles used over recent years in Hammersmith and Fulham and as required by the National Funding Formula for the 2026/27 financial year.
 - National Funding Formula (NFF) factor rates set to the higher of:
 - NFF values after area cost adjustment for inner London
 - Factor rates uplifted by a percentage across all factor rates in so far as this is affordable within each model to ensure all funding is allocated.
 - Minimum Funding Guarantee (MFG) set within the required level by the NFF.
 - This is the minimum increase in funding through pupil led funding factors year on year.
 - MFG must be set between minus 0.5% and 0.0% increase for 2026/27.
- 3.3. The agreed principles modelled sets the MFG at minus 0.50% and mirrors the NFF factor rates allowing for a percentage uplift of 0% on the inner London NFF rates.
- 3.4. The agreed model assumes continuing support to the High Needs Block through a 1% transfer from the Schools Block.
 - Continues the level of block transfer agreed by Schools Forum and the Minister of State for the 2025/26 budget.
 - The value of the block transfer is £1.262m based on the final allocations.
 - A disapplication of above 0.5% level requires Schools Forum approval and a disapplication to the Minister of State.
 - The continued disapplication is required for the short to medium term sustainability of the High Needs Block pending details of the governments' SEND reforms expected in 2026.
- 3.5. Minister of State approval for the 1% block transfer was received on 9th January 2026, following approval at Schools Forum in November 2025.
- 3.6. The key elements of the model applicable for maintained primary schools only:
 - De-delegated budget provision of £0.564m of maintained schools' budgets – see Section 5 for details.

- Education functions fund of £0.285m of maintained schools' budgets – see Section 5 for details.

3.7. Appendix 1 shows the factor rates for each model and appendix 2 shows how total funding is allocated across the factors in each model.

3.8. Appendix 3 shows the impact of the recommended model at school level, with a comparison to 2025 to 2026 final budget shares. The pupil numbers used for this modelling is from October 2025 pupil numbers on roll. Note:

- Per pupil funding rates given here are total funding divided by numbers on roll and not pupil led funding used for the minimum funding guarantee in the NFF
- The final two columns show maintained de-delegation and education functions per section 5.

4. Recommended Budget Model 2026 to 2027

4.1. It is recommended that the model with a MFG at minus 0.50% is adopted for the 2026 to 2027 schools budget shares.

4.2. After a 1% transfer to the High Needs Block, this model mirrors the NFF factor rates and allows for a 0.0% uplift on the inner London NFF rates. This means as with the 2025/26 schools budget model, the 2026/27 budget funds schools at NFF rates for inner London, plus £0.539m of MFG protection. It is assumed MFG protection will continue to wind down over the medium term from 2027/28.

5. De-delegation and Statutory Education Functions for Maintained Schools Only

5.1. Further inflation and local government pay settlements continue to put the budgets for de-delegated services and statutory education functions under significant pressure. Increases are within the 1.58% overall block funding increase.

5.2. Within this a contribution to statutory HR has been added to ensure base funding for the statutory responsibilities of the local authority for maintained schools from 2026/27.

Table 3 – Maintained Mainstream Schools De-delegated Budgets Proposed

Area of Expenditure	2025/26 Maintained Mainstream Primary De- legation £	2026/27 proposed Maintained Mainstream Primary De- legation £	Change from 2025/26 £
De-delegation Total	554,900	564,000	9,100
Schools in Financial Difficulty/Contingency	96,900	100,000	3,100
Maintained Schools Trade Union Facilities Cover	24,100	22,100	(2,000)
Maintained Schools Maternity Cover Fund	117,600	120,000	2,400
Behavioural Support to mainstream (SEND)	49,700	49,700	0
Free School Meals Eligibility	29,600	23,500	(6,100)
School Improvement	237,000	248,700	11,700

Table 4 – Maintained Mainstream Education Function Budgets Proposed

Area of Expenditure	2025/26 Maintained Mainstream Primary De- legation £	2026/27 Maintained Mainstream Primary De- legation £	Change from 2025/26 £
Education Functions Total	288,600	285,000	(£3,600)
Finance	108,800	121,900	13,100
HR	0	12,500	12,500
Asset Management	61,300	51,600	(9,700)
Asbestos Risk Management and Surveys	94,400	75,700	(18,700)
Business Intelligence	24,100	23,300	(800)

6. Contributions from All Schools – Trade Union Facilities Cover and Free School Meals Eligibility Checking

- 6.1. Schools Forum are asked to agree the approach that all schools should make a contribution to the following areas on the same basis as maintained primary schools. This would include academies and free schools where they benefit from free school meals eligibility checking and trade union facilities cover.
- 6.2. Table 5 shows the contributions proposed from the schools block budget that would ensure a sustainable offer and funded appropriately via the schools budget. Currently costs are supported from the council's general fund budget which is unsustainable.

Table 5: Contributions requested and unit rates

	Free Schools Eligibility £4.36 per pupil on roll £	Trade Union Facilities £4.43 per pupil on roll £
Mainstream Maintained Primary Schools	23,500	22,100
Mainstream Academies and Free Schools	43,900	42,300
Total	67,400	64,400

- 6.3. Appendix 4 shows the contributions by school using the per pupil rate for numbers on roll as is the mechanism for maintained primary schools.
- 6.4. There is no mechanism to top slice the budgets for academies and free schools for these contributions. Therefore, the local authority proposes to invoice academies and free schools for their share of the contribution based on August 2025 roll numbers.
- 6.5. Academy Trusts and Free Schools who discharge their statutory responsibilities for trade union facilities via alternative means should notify the local authority schools finance team.

7. Falling Rolls Funding

- 7.1. An allocation of £0.335m has been included in the overall NFF funding for falling rolls at local authority level. This has been allocated by the DfE using the net impact within each Middle Layer Super Output area (MSOA) within the borough. MSOA's are a geographic hierarchy designed to improve the reporting of small area statistics in England and Wales.
- 7.2. The DfE introduced new criteria for local authorities to allocate falling rolls funding to schools from 2024/25. They expect that funding should be based on clear objective trigger points for qualification and a clear formula for calculating allocations.

7.3. The DfE suggests that compliant criteria for a falling rolls funding would contain some of the features set out below:

- the most recent SCAP data shows that school places will be required in 2026 to 2027 and/or the subsequent 2 years (this is a mandatory requirement).
- surplus capacity exceeds a minimum number of pupils, or a percentage of the published admission number
- formula funding available to the school will not support provision of an appropriate curriculum for the existing cohort
- the school will need to make redundancies to contain spending within its formula budget.

7.4. The SCAP requirement is mandatory. Data based on current H&F census and birthrate information does not indicate that school places will be required in 2026 to 2027 and/or the subsequent 2 years. H&F does not meet this mandatory requirement.

7.5. It is therefore proposed that H&F do not create a separate falling rolls fund and that the funding is included in the Schools Block allocation being distributed to schools using the funding factors. This is how the recommended model has been calculated.

8. Central Services Schools Block (CSSB) 2026/27

Table 4 - Central Services Planned Expenditure 2026/27

Area of Expenditure	2025/26	2026/27 Proposed	Change
	£	£	£
Copyright Licensing (Estimated)	145,900	149,200	3,300
Asset Management and Place Planning	197,100	202,200	5,100
Management, Support, Finance/Business Intelligence and SACRE	654,200	649,900	-4,300
Virtual School	106,000	0	-106,000
Admissions and ACE	592,700	584,000	-8,700
Time limited Support to High Needs Block Expenditure	243,400	172,500	-70,900
Total Spend/Funding	£1,939,300	£1,757,800	-181,500

- 8.1. In 2026/27 there is a significant reduction in funding year on year for the historic funding being wound down. There is no change to the overall arrangements for the CSSB. The CSSB allocation for 2026/27 provides funding for:
 - The retained duties element of the Education Services Grant (ESG) for all schools
 - Ongoing central statutory functions – for example, Admissions – for maintained schools
 - Ongoing historic commitments
- 8.2. Planned expenditure reductions have been made with respect to the expected historic funding reduction via the Virtual School in 2026/27. This has been achieved through streamlined resources while enhancing support through collaborative partnerships. These changes ensure continuity of enrichment and mentoring while leveraging external funding and partnerships for greater impact.
- 8.3. Reduced funding also limits the extent to which the CSSB budget can support the High Needs Block budget in 2026/27 with planned contribution reduced to £0.172m.

9. Recommendations and Decisions required

- 9.1. Recommendation 1: It is recommended that the January 2026 APT for the recommended model is submitted to the DfE for the 2026 to 2027 schools budget share. This is with the revised uplifted NFF rates detailed in paragraph 4 and in appendix 1 and an MFG value of minus 0.50% per pupil.
- 9.2. Recommendation 2: It is recommended that the Schools Forum confirm agreement of the disapplication request to transfer 1% of the Schools Block to the High Needs Block in 2026/27 as part of the recommended model based on principles agree in the Autumn Term Schools Forum meetings. The 1% transfer is now approved by Minister of State at £1.262m.
- 9.3. Recommendation 3: It is recommended that maintained school representatives at Schools Forum agree to the proposed 2026-27 de-delegation budget of £0.564m.
- 9.4. Recommendation 4: It is recommended that maintained school representatives at Schools Forum agree to the proposed 2026/27 Education Functions budget of £0.285m.
- 9.5. Recommendation 5: Is that Schools Forum agree the approach to ensure statutory trade union facilities and free school meals eligibility costs are sustainable within the schools budget.

9.6. Recommendation 6: It is recommended that Schools Forum agree to the Central Services School Block budget allocations proposed for 2026/27.

10. Key dates

Date	Activity
22nd January 2026	Deadline for submission of the final 2026 to 2027 APT to the DfE
February to March 2026	Council approval of the 2026/27 Schools budget
28 February 2026	Deadline for confirmation of school budget shares to maintained schools.

Report ends