



# **Primary and Secondary School Revenue Funding Guidance 2026/27 Financial Year**

**Contents**

Dedicated Schools Grant (DSG)..... 3

Formula Funding Factors..... 4

Growing or New Schools ..... 5

De-delegated services..... 5

Retained Functions for Maintained Schools ..... 6

Notional SEN ..... 6

Other Grants / Funding ..... 7

Budget Setting for Maintained Schools..... 7

Contacts and Queries..... 8

Appendix 1 – Funding Formula Unit Values 2026/27 ..... 9

Appendix 2 – Areas for Consideration When Setting Budgets..... 10

**Dedicated Schools Grant (DSG)**

On 17th December 2025 the Department for Education (DfE) published the initial DSG allocations for 2026/27. Full details can be found on the DfE website at the following link: [Dedicated schools grant \(DSG\): 2026 to 2027 - GOV.UK](#)

The key headlines from the 2026-27 National Funding Formula (NFF) guidance are:

- No material changes to the schools formula to be applied in 2026/27.
- Local Authorities (LA's) will need to move their local funding formulas at least 10% closer to the NFF – no impact for Cambridgeshire as already aligned with the NFF.
- The schools budget support grant (SBSG) and the National Insurance contributions (NICs) grant will be rolled into the NFF for 2026 to 2027.
- Funding in relation to the Free Schools Meals (FSM) expansion from September 2026 (to all children in households receiving Universal Credit) will be provided through a separate grant.
- Local authorities will be able to set a Minimum Funding Guarantee (MFG) between minus 0.5% and 0.0% per pupil compared to the baseline.

As part of the annual Dedicated Schools Grant (DSG) and Schools Budget setting process consideration was given to a block transfer from the Schools Block (SB) to the High Needs Block (HNB) to support the continuing increasing pressures within Special Educational Needs and Disabilities (SEND). As in previous years Schools Forum are able to approve a transfer of up to 0.5%, whereas anything above this level, or should Schools Forum not approve, requires Department for Education (DfE) / Secretary of State approval via a disapplication process.

Due to the temporary suspension of the High Needs National Funding Formula the initial HNB allocation for 2026-27 is based on 2025-26 funding levels, with no uplift applied. At the meeting of Cambridgeshire Schools Forum on Friday 16th January, members of Forum voted unanimously against a block transfer of 0.5% due the increasing financial challenges across all schools and multi-academy trusts.

Following consideration of the potential impact for individual schools, alongside the lack of clarity on High Needs Funding levels CYP committee, at their meeting on 20th January, supported the officer recommendation that a 0% block transfer is applied in 2026-27.

The final draft allocations and funding formula unit values therefore reflect this position:

<b>Total available Schools Block as per December announcements:</b>	<b>£541,665,936</b>
Total centrally retained Growth Fund:	£1,500,000
<b>Schools Block Available for Distribution:</b>	<b>£540,165,396</b>

Details of the NFF, local formulae requirements, and allowable formula factors can be found within the [Schools operational guide: 2026 to 2027 - GOV.UK](#). The summary table on the following page lists all of the current factors applied within the local funding formula, and the values to be applied to each factor in 2026-27 detailed in **Appendix 1**.

**Formula Funding Factors**

National Funding Formula Factors	Description
Basic Pupil Entitlement (Age Weighted Pupil Unit)	Compulsory factor allocating funding based on the number of pupils on the October census. Separate funding rates applied to Primary and Secondary at KS3 & KS4.
Deprivation - Current Free School Meals (FSM)	Compulsory factor allocating funding for any pupil recorded as being eligible for FSM on the October census
Deprivation - Ever 6 FSM	Compulsory factor providing funding for any pupil recorded as being eligible for FSM on any census from the last 6 years.
Deprivation – Income Deprivation Affecting Children Index (IDACI)	Compulsory factor allocating funding based on number of pupils in each IDACI band, based on home postcodes.
Low Prior Attainment (LPA)	<p>Compulsory factor.</p> <p>Primary pupils identified as not achieving the expected level of development in the early years foundation stage profile (EYFSP).</p> <p>Secondary pupils not reaching the expected standard in KS2 at either reading or writing or maths.</p>
English as Additional Language	Compulsory factor based on pupils in the October census with EAL in the last 3 years.
Pupil Mobility	Compulsory factor which allocates funding to schools with a high proportion of pupils with an entry date in the last three years which is 'not typical'.
Sparsity	Compulsory factor allocates funding to smaller schools located in areas where pupils would have to travel significant distance to an alternative school.
Lump Sum	Compulsory factor to support fixed costs for all schools regardless of sector and size.
Split Sites	Compulsory factor for schools on split sites (those separated from the school's main site by a public road or railway).
Other Premises	Optional factors for business rates (centralised), Exceptional Premises and Private Finance Initiatives (PFI)

**Minimum Funding Guarantee**

The Minimum Funding Guarantee (MFG) applies to pupils in reception to year 11. Early years pupils and post-16 pupils are excluded from the calculation. In 2026/27 local authorities are able to set a MFG between -0.5% and 0.0% per pupil. Following discussions at Schools Forum and confirmation of the available distribution total the amount applied within the Cambridgeshire formula for 2026/27 is **+0.0%**. It is important to remember MFG is a per-pupil protection and will therefore **not** support schools with falling rolls.

**Minimum Per-Pupil Levels**

Alongside the MFG the DfE have introduced the mandatory minimum per-pupil levels (MPPL's) as a compulsory factor. For 2026/27 the MPPL's will be set at **£5,115** for primary schools and **£6,640** for secondary schools.

The MPPL is calculated on total school funding (excluding premises costs) divided by the number of pupils. If a schools funding is below the nationally prescribed MPPL they will receive an allocation to bring them to the 2026/27 minimum.

**Growing or New Schools**

Where schools are growing to meet basic need for places additional funding may be available from the growth fund. The growth fund is retained from the overall distribution total prior to budget setting and applies to maintained and academy schools.

Within Cambridgeshire the Growth Fund is used to:

- support growth in pre-16 pupil numbers to meet basic need
- meet the cost of new schools. (Pre-opening and diseconomies funding as prescribed in the New Schools Funding Policy.)

The Growth Fund **may not** be used to support schools in financial difficulty.

The criteria for Growth funding, as approved by Schools Forum in November 2025, can be accessed at [growth-fund-policy-2026-27.pdf](#)

**De-delegated services**

Funding for de-delegated services must be allocated through the formula but can be de-delegated for maintained mainstream primary and secondary schools with Schools Forum approval. De-delegation is not an option for academies, special schools, nurseries or PRUs.

The table below shows the de-delegations, approved by Primary School representatives on Schools Forum to be applied to maintained primary schools in 2026/27:

	2025/26	2026/27
Contingency	£2.10 per pupil	£2.10 per pupil
Free School Meals Eligibility	£4.65 per FSM child	£4.65 per FSM child
Maternity / Paternity	£5.00 per pupil	£5.00 per pupil
Trade Union Facilities Time	£1.20 per pupil	£1.20 per pupil

De-delegation arrangements for schools converting to academy status are as follows:

- conversion date on or before 1 April 2026 – no de-delegation
- conversion date between 2 April 2026 and 1 September 2026 – local authority retains any de-delegated funding until 1 September 2026
- conversion date between 2 September 2026 to 21 March 2027 – local authority retains any de-delegated funding until 31 March 2027

### **Retained Functions for Maintained Schools**

As in previous years local authorities can fund some services relating to maintained schools only from maintained school budget shares, with the agreement of maintained school members of the schools forum.

The agreed amount for Cambridgeshire has increased to **£12.50 per pupil**.

As with de-delegations, the amount to be held by the local authority will be determined after MFG has been applied. If a school converts to academy status, DfE will recoup the amount retained for that school from the local authority's DSG for the remaining months of the financial year that the school is an academy. The academy will be reimbursed in its monthly general annual grant (GAG) payment from the point of conversion.

Unlike for de-delegated services, there will be no phased transfer of funding following conversion so there will be immediate recoupment of this part of the budget. For example, if a school converts on 1 January 2026 (three months prior to the end of the financial year), DfE will recoup three twelfths of the retained amount relating to that school.

### **Notional SEN**

The authority is required to calculate notional SEN budgets for mainstream schools and academies. The notional SEN budget is to cover the first £6,000 of all pupils SEN needs, both Low Costs High Incidence and High-Cost Low Incidence. The notional SEN budget is calculated as follows:

- 6.00% of Basic Per Pupil Entitlement
- 10.00% of FSM and FSM6 Funding in Primary Sector and Secondary Sectors
- 75.00% of IDACI Deprivation Funding in Primary Sector and Secondary Sectors
- 100.00% of Prior Attainment Funding in Primary Sector and Secondary Sectors

Where a school has a Specialist or Enhanced Resources Base on site the funding for the pupils in this provision will be funded separately through the Place-Plus methodology.

## **Other Grants / Funding**

[Pupil premium: overview - GOV.UK](#)

[Universal infant free school meals \(UFSM\): 2025 to 2026 - GOV.UK](#)

[PE and sport premium for primary schools - GOV.UK](#)

[School capital funding - GOV.UK](#)

### **Budget Setting for Maintained Schools**

Budget figures for Maintained Schools (excluding business rates) will be input into SBS and schools will be notified when this has been completed. This will then allow schools to create budget scenarios for 2026/27 and future years. The following sections set out the current inflation assumptions which have been applied to staff costs and future years funding.

### **Staff Inflation Assumptions for Maintained Schools**

#### **Teachers Pay 2026**

In October 2025 the DfE submitted their evidence to the School Teachers Review Body (STRB) and recommended 3-year settlement a pay increase of 6.5% over the 3-year period. This will now be considered by the STRB and they will deliver recommendations to the Government with associated evidence on what they determine to be a suitable pay award for teaching staff. In previous years, the STRB recommendations have been far higher than the DfE recommendations and this has led to a bargaining process between Unions and Government. Where the final settlement has been higher than the DfE recommendation, there has previously been a grant provided to schools to cover an element of the teachers' pay awards over and above what schools had previously budgeted for. The previous year grants for National Insurance Contributions and the School Budget Support Grant have now been rolled into the main Schools Formula Funding and schools must remove this additional grant line from their Budget Entries screen.

For September 2026, we have included a 2.5% uplift to Teachers pay & allowances and we do not expect there to be any additional grants to support this award in 2026/27

#### **Support Staff Pay 2026**

In November 2025, representatives of the NJC Trade Unions met to discuss the proposals for the 2026/27 pay claim. The headline proposal is an increase to all pay points of £3000, or 10% , whichever is higher, and for employers to set out a clear roadmap to a minimum wage of £15/hr. It should be stressed that this is only in the proposal and consultation phase with the NJC Committee and no formal pay claim has yet been submitted. This proposal is like previous year's awards of a flat cash figure added to some scale points which creates a varied percentage uplift across different scale points. With this in mind, it will be difficult to accurately estimate the percentage uplift across the board. We are setting the Support Staff pay award to 3% in line with the historic assumptions. There is no expectation that any of the Support Staff pay awards will be funded in any part by central government grants.

As part of the 2025/26 NJC Pay Award, SCP 2 will be deleted from the pay scale with effect from 1<sup>st</sup> April 2026. Staff will should be transferred to SCP 3 from this date. Guidance was published on to [Cambridgeshire Learn Together](#) on 16<sup>th</sup> September detailing this change and how to action this in SBS. You should review contracts to ensure that these staff are reflected correctly.

CCC will keep schools updated as both pay award cycles progress, and we urge schools to continue to robustly review and amend their budgets in line with pay award developments.

**Teachers Pension 2026**

In April 2024, the TPS Employers Contribution rate increased to 28.68%. Schools were provided with a grant to support the additional costs associated with this increase. As with the Teacher Pay Grant, the Pensions Grant has been rolled into the main schools formula funding and schools should remove this additional grant line from their budget entries screen. For 2026/27, the rate remains unchanged.

**Support Staff Pension 2026**

The contribution rate for the Cambridgeshire Pension Fund has conducted a review of pension arrangements and it has been determined that the contribution rate for LEA Schools will reduce from 20.7% in 2025/26 to 14.7% for 2026/27, 27/28 & 28/29. Schools were notified by the administering body in January 2026.

**Future Year Budget Estimates for Maintained Schools**

For future years, an inflationary increase of 2% has been added to the main school funding factors. Central government is looking to move to multi-year funding settlements for departments to provide better certainty and planning for organisations including schools. With this in mind, we expect that these multi-year settlements cannot be cash flat year on year and will include an inflationary element. However, it should be approached with an element of caution as these are not guaranteed. Schools should make sure that future year pupil numbers are as accurate as possible by using local knowledge and working with place planning colleagues. Schools are reminded of the strategic importance of entering realistic pupil numbers into funding estimates for future years to enable efficient and effective planning.

**Cash flow and Cash flow Advances**

As some school budgets become tighter, this may have an impact on cash flow and the ability to meet payments as they fall due. It is important to maintain cash flow forecast statement to ensure that your school can meet its obligations when payments to suppliers are due. As part of the Scheme for Financing Maintained Schools, it is considered best practice to maintain a cash flow forecast. The LA also operates a cash flow advance scheme to enable schools to access additional cash, on a temporary basis to support payments to suppliers. Details of this scheme, an application form and a cash flow forecast template are available to download from

[Cambridgeshire Learn Together](#)

**Contacts and Queries**

Further guidance and useful information can be accessed on the Schools Finance page at:

<https://www.cambslearntogether.co.uk/cambridgeshire-services-to-schools/cambridgeshire-schools-finance> with regular updates being published to [Cambridgeshire Schools Latest News and Updates](#)

If you have any further queries or questions on the general funding formula, please email: [schools.funding@cambridgeshire.gov.uk](mailto:schools.funding@cambridgeshire.gov.uk)



**Appendix 1 – Funding Formula Unit Values 2026/27**

NFF Factor		Cambridgeshire Funding Formula (NFF) Unit Rates 2025-26	Cambridgeshire Unit Rates 2026- 27 (Weighting Applied)
Basic per pupil entitlement (AWPU)	AWPU: Primary	£3,845	£4,087
	AWPU: Secondary KS3	£5,420	£5,719
	AWPU: Secondary KS4	£6,111	£6,447
Deprivation (based on ever 6 free school meal numbers)	FSM current - Primary	£495	£508
	FSM current – Secondary	£495	£508
	Ever6 FSM – Primary	£1,060	£1,217
	Ever6 FSM – Secondary	£1,554	£1,735
	Primary IDACI F	£235	£241
	Primary IDACI E	£285	£292
	Primary IDACI D	£445	£458
	Primary IDACI C	£490	£503
	Primary IDACI B	£520	£533
	Primary IDACI A	£685	£704
	Secondary IDACI F	£340	£347
	Secondary IDACI E	£450	£463
	Secondary IDACI D	£635	£654
	Secondary IDACI C	£695	£714
	Secondary IDACI B	£745	£764
	Secondary IDACI A	£950	£976
English as an Additional Language	Primary	£595	£614
	Secondary	£1,594	£1,639
Low Prior Attainment	Primary	£1,175	£1,207
	Secondary	£1,784	£1,836
Pupil Mobility	Primary	£965	£991
	Secondary	£1,384	£1,423
Lump Sum	Primary	£145,041	£153,580
	Secondary	£145,041	£153,580
Sparsity	Primary	£57,377	£58,938
	Secondary	£83,366	£85,691
	Middle	£83,366	£85,691
	All-Through	£83,366	£85,691
Split Sites	Eligibility	£53,978	£55,418
	Distance	£26,989	£27,759
Minimum per pupil funding Primary		£4,955	£5,115
Minimum per pupil funding Secondary (KS3 and KS4 combined)		£6,465	£6,640

**Notes to the Table:**

- 1) The values for sparsity are variable up to the values shown in the table above.
- 2) The DfE recognise that some factors cannot easily be allocated on a formulaic basis and under the NFF continue to be funded at historical or actual funding levels. This covers the premises factors which includes PFI, exceptional premises and business rates for those schools affected.

## **Appendix 2 – Areas for Consideration When Setting Budgets**

### **1. Staff pay as percentage of total expenditure**

Staff pay is the single most expensive item in the school budget. It typically represents over 70% of expenditure. The [schools financial benchmarking service](#) will help with analysis.

Questions headteachers / governors might want to ask:

- what percentage of the budget is spent on staffing compared with similar schools?
- how does the percentage for teaching staff, curriculum support staff and other support staff compare with other similar schools?
- how do your school's pupil outcomes – such as your school's progress score – compare with other similar schools, relative to spend on staffing?
- What is the overall staff cost as a percentage of total income? Staffing costs over 80% of total income are considered high
- if teaching costs are relatively high, is this due to the number of teachers or a relatively high proportion of highly-paid staff?

### **2. Average teacher cost**

This measure is calculated by dividing the total teaching cost by the full-time equivalent (FTE) number of teachers.

Questions headteachers / governors might want to ask:

If the average teacher cost is high in comparison with other similar schools, why is this?

The [schools financial benchmarking service](#) includes staffing cost per teacher (in the 'expenditure' section).

Is this due to:

- the staffing grade profile, such as a high number of staff on the upper pay scale?
- the responsibilities structure in the school, such as the Teaching and Learning Responsibility (TLR) scale?
- another reason?

How far is your school using its pay flexibilities – for example, to differentiate pay by teachers' performance?

### **3. Pupil-to-teacher ratio (PTR)**

The pupil-to-teacher ratio (PTR) is calculated by dividing the number of FTE pupils on roll by the total number of FTE teachers. A relatively low PTR could suggest small class sizes.

As well as benchmarking the PTR, you may want to review the average PTR and pupil to adult (teachers and support staff) ratios in other schools and academies. You can do this using the 'Workforce' section of the [schools financial benchmarking service](#) and choosing 'pupils per measure'.

The ratio of pupils to all educational staff (including teaching assistants) is also relevant, especially in primary schools.

Questions headteachers / governors might want to ask:

- what is the PTR for different key stages within their schools?
- how does the school's PTR compare with similar schools? If it's significantly different, what is the reason for this?
- how does the ratio of pupils to staff compare with similar schools?

#### **4. Class sizes**

The smaller the class size the greater the cost of delivery per pupil. Governors should ensure that class size plans are affordable while supporting the best outcomes for pupils.

Questions headteachers / governors might want to ask:

- what are the average class sizes by key stage?
- what class sizes does your school aim to achieve – and what is the educational reason for this?
- are there any small classes where the per pupil funding does not cover the cost of delivery?
- do you know the maximum average class size that the school can operate at within the context of the pupil admissions, the structure of the building, the numbers in different year groups and the need for intervention strategies?

#### **5. Teacher contact ratio**

This measure is calculated by taking the total number of teaching periods timetabled for all teachers in the school and dividing that by the total possible number of teaching periods (the number of teaching periods in the timetable cycle multiplied by the FTE teachers). All teachers should have a guaranteed minimum of 10% timetabled planning, preparation and assessment (PPA) time. Therefore, the teacher contact ratio will always be lower than 1.0.

Questions headteachers / governors might want to ask:

- how would changes to the teacher contact ratio impact on the overall budget?
- are teaching staff undertaking roles that could be done by support staff?
- how does your school compare against the ASCL aspirational target (secondary schools only)? What is the reason for any difference?

#### **6. Proportion of budget spent on the leadership team**

Schools have many different leadership and management structures and comparisons are not straightforward. The total number of staff in the leadership group (FTE) is included in the [schools financial benchmarking service](#).

Some schools calculate the cost of non-class-based leadership time as a percentage of total expenditure and compare to similar schools by collaborative exchanges of summary information. Likewise, multi-academy trusts can compare across their member schools where they are similar.

Questions headteachers / governors might want to ask:

- how does this compare with similar schools, taking into account any contact time the leadership staff have?

- if there is more than one school in your trust or federation, are the leadership structures proportionally the same?
- how has your school made decisions on the proportion of its budget to be spent on the leadership team?
- if this is relatively high or low compared with similar schools, is this because of the size of the leadership team, or their pay?

### **7. 3 to 5 year budget projections**

Governors should ask to see 3 to 5 year financial projections, and the assumptions made to cost them.

Assumptions you may want to review include:

- projected pupil numbers
- free school meal numbers
- estimate additional grant income (pupil premium etc)
- projections of the staffing that will be necessary in these years.

Schools should plan their staffing based on multi-year projections of curriculum needs.

Questions headteachers / governors might want to ask:

- how confident are you that pupil number projections are realistic? If there is uncertainty, boards should be given 3 scenarios: cautious, likely, and optimistic. This applies to all key assumptions, but especially pupil number projections and funding rate assumptions
- if the optimistic scenario indicates financial difficulties, is the school developing a recovery plan now?
- if the cautious budget indicates potential financial difficulties, what contingency plans does the school have to overcome them?
- are there any issues in the medium term that should be addressed now?
- how will current decisions impact medium-term budgets?
- what do we need to put in place now to ensure we have the necessary funding in the future?

### **8. Spend per pupil for non-pay expenditure lines compared to similar schools**

The [schools financial benchmarking service](#) will allow you to compare your school's pattern of expenditure with similar schools.

Questions headteachers / governors might want to ask:

- what is the spend per pupil for catering, ICT, estates management, business administration, energy and curriculum supplies?
- if benchmarking indicates a relatively high spend on a particular expenditure line, do you know why?
- are the reasons unavoidable or can your school secure greater efficiency?
- if the cost of energy seems high compared with similar schools, have you considered switching your energy deal or provider?
- if spend on supplies and services seems high compared to similar schools, are there opportunities for collaborating with other local schools to bring costs down?

Multi-academy trust (MAT) trustees may also want to compare their level of 'top slice' to other MATs, what it is used for, and how it provides value for money for member academies.

## **9. School improvement plan priorities and the relative cost of options**

The budgetary process sits firmly within the strategic leadership framework and should link into the overall management and planning cycle, rather than being seen as an additional activity that is the responsibility of the finance manager.

Questions headteachers / governors might want to ask:

- are school improvement initiatives prioritised, costed, and linked to the budget?
- are all new initiatives fully costed before your school is committed to the proposal?

## **10. List of contracts with costs and renewal dates**

Each year your school must review its contracts for all its services to check which ones are due for renewal. Check that contracts are good value for money (VFM) and meet the school's needs.

Questions headteachers / governors might want to ask:

- are all contracts due for renewal re-tendered/reviewed for VFM before renewal?
- are there any regular payments for services that are an invoice-only contract? Include all goods and services on a contracts list, including single-item and routine purchases, such as stationery. Check all suppliers are on contracts list, and review the overall list for value for money (VFM)
- are all contracts for the supply of goods and services captured and reviewed regularly on an up-to-date register?