

Bury Council

Department for Children and Young People

Schools and Academies Funding 2027-28

As within previous years, information that is usually issued to Local Authorities in the Summer Term is now expected to be received later in the Autumn term. This includes National Funding Formula information, along with Operational Guidance for 2027-28 in relation to the respective funding block. The DfE however on 2 October 2026 released a [2027-28 NFF Summary Document](#) outlining the key elements of the mainstream NFF for 2027-2028.

1. Teachers' pension employer contributions funding adjustment (Information)

In July 2026, an update was provided by the DfE in relation to Teachers Pension Scheme contributions, which from April 2027 will decrease from 28.6% to 17.6%.

Funding for schools will be reduced to reflect the decreased cost at national level and thus should be cost neutral for public sector employers. The total reduction across all schools and further education providers is equivalent to around £3 billion in financial year 2027-2028 in England. The funding reduction will be equal to the cost reduction at national level, but there will be some variation across settings, depending on the proportion of their funding they spend on teacher salaries

The funding reduction in respect of pensions will be incorporated into the schools NFF and the equivalent local authority funding formulae from the start of the financial year 2027-2028

The adjustment will be incorporated into the schools NFF and the local funding formulae in 3 ways, reflecting the 3 different ways in which schools are funded. This methodology mirrors the methodology used when funding in respect of historical pension contributions being rolled into the schools NFF, following the previous upwards valuation in pension contributions. That is through adjustments to the:

- basic per pupil factor, the lump sum and the FSM6 factor values
- minimum per pupil levels
- baseline for each school, which is used to calculate funding protections for schools funded through the funding floor

For **mainstream schools** the 2027-2028 financial year factor values will be adjusted to account for the pension adjustment using the following rates:

basic per-pupil reductions of:

- £178 for primary pupils, including pupils in reception
- £250 for key stage 3 pupils
- £281 for key stage 4 pupils
- lump sum reduction of £6,600

FSM6 per-pupil reductions of:

- £155 per eligible primary pupil
- £225 per eligible secondary pupil

The schools NFF for the 2027-2028 financial year will be published in the autumn. The final factor values, which consider the adjustment in respect of pensions as well as other year-on-year changes, will be published at that stage

Since **academies** are funded on an academic year basis, the funding adjustment will be incorporated into their GAG allocations from the start of the 2027-2028 academic year

The base rates for academies for April to August 2027 are:

basic per-pupil reductions of:

- £74 for primary pupils, including pupils in reception
- £104 for key stage 3 pupils
- £117 for key stage 4 pupils
- lump sum reduction of £2,750

FSM6 per-pupil reductions of:

- £65 per eligible primary pupil
- £94 per eligible secondary pupil

The treatment for **Special and AP schools** will be confirmed in the Autumn, with further information available on the [DfE website](#).

Rolling the School Budget Support Grant (SBSG) 26 into the 2027-2028 schools NFF (Information)

The SBSG 26 is providing additional funding in 2026 to 2027 to support schools with their overall costs, including teacher and support staff pay awards.

The mainstream schools' element of the SBSG 26 is being rolled into the schools NFF for 2027 to 2028, ensuring that this funding continues to form part of schools' core budgets going forward.

Information on how this funding will be rolled in to the schools NFF in 2027 to 2028 is available in the [schools budget support grant 2026: methodology document](#).

2. Schools Block 0.50% transfer to the High Needs Block 2027-28

In 2026-27 the regulatory framework continued to allow local authorities to be able to transfer up to 0.50% of their Schools Block allocation to other blocks of the Dedicated Schools Grant with Schools Forum approval.

Due to the growing pressures facing the High Needs Block (HNB), which remain both of local and national concern, for 2026-27 Schools Forum recommended the use of Headroom within the Schools Block to transfer any balance, up to a maximum of 0.50%, which is allowable without any disapplication process being required to be approved by the Secretary of State for Education, of unallocated Schools Block Headroom to the HNB. When applied the total transfer was 0.20%.

At this stage it is expected that the Local Authority will need to continue to utilise the 0.50% Schools Block transfer to the HNB to support the pressures within the HNB. Whilst the HNSG is welcome, the pressure upon SEND and the HNB remains a national issue with funding reform required due to the significant in year overspend continuing to be forecast within the HNB.

If, when the NFF factors are applied in full, and any amounts to support growth and has been allocated, there remains a balance of unallocated Schools Block funding, the Local Authority will first utilise this headroom. If the 0.50% has not been achieved by utilising headroom, the Local Authority are proposing to utilise the 2.50% NFF factor reduction as is allowable within the [NFF 2027/28 Summary Document](#), where local authorities are deemed to be 'mirroring' the NFF if they are within 2.50% of the NFF value.

To ensure the maximum 0.50% is achieved the Local Authority will reduce the basic entitlement and lump sum factors as necessary within NFF regulations. Had this been applied in 2026-27, the basic entitlement factor would've been set at 99.05% of the NFF factor, with the lump sum factor not being needed to be reduced and set at the full 100% NFF value.

Based on the above it is anticipated that any remaining transfer needed after utilising growth funding and headroom in 2027-28 would be achieved by reducing basic entitlement, and lump sum may not be needed to be utilised. If any block transfer is not achieved by this process, the lump sum factor will be reduced as necessary.

The average impact had the above been applied in 2026-27 equates to £14,738 per school & academy, with further analysis provided below. It is important to note however that block transfers from Schools Block impact on both LA schools and academies. There are however NFF protections with the minimum pupil funding and minimum funding guarantee, which limits any budget reduction from change

in pupil characteristics. As a result, the impacts on individual schools & academies will vary.

School/Academy Type	No. of Schools/Academies	Average Impact
Primary	64	£7,834
Secondary	14	£46,298
Average Impact	78	£14,738

Recommendation – Schools Forum (all members) approve 0.50% schools block transfer to the high needs block for 2027-28.

3. Minimum Funding Guarantee (MFG)

The Minimum Funding Guarantee (MFG) is a protection within the Dedicated Schools Grant (DSG) that ensures a school's per-pupil funding does not decrease by more than a set percentage from one academic year to the next.

In 2026-27 Schools Forum recommended that the MFG was set at -0.50%.

For the 2027-2028 financial year, it is anticipated that that the MFG range will remain between -0.5% and 0.0% for mainstream schools, meaning local authorities could choose to guarantee no decrease (0%) or allow a small one (-0.5%) to make the local formula work. This safeguard is a local authority decision based on guidance from the Department for Education (DfE), as such the Local Authority are recommending that the MFG level remains at the 2026-27 level -0.50% for 2027-28.

If there are any significant changes in MFG levels once the DfE funding guidance has been released, the Local Authority will inform Schools Forum.

Recommendation – Schools Forum (all members) agree MFG protection is set at -0.50% in line with anticipated DfE guidance

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