

	Schools Forum 26 January 2026
	Report from the Corporate Director of Children Young People and Community Development
Dedicated Schools Grant (DSG) Schools Budget 2026/27	
Wards Affected:	All
Key or Non-Key Decision:	N/A
Open or Part/Fully Exempt: (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	N/A
List of Appendices:	Appendix A – 2026/27 Brent Local Funding Formula Rates Appendix B – School Level Allocations 2026/27
Background Papers:	Prior Financial reports to Schools Forum
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1.0 Executive Summary

- 1.1. This report sets out the proposed DSG Schools Budget for 2026/27 for consultation and agreement by Schools Forum ahead of approval by Full Council in February 2026.
- 1.2. The Department for Education (DfE) announced the final DSG block funding allocations for 2026/27 on 17 December 2025. This report sets out the final Schools Block funding, including the growth funding allocation for 2026/27.

2.0 Recommendation(s)

- 2.1 Schools Forum is asked to:
 - a. Endorse the 2026/27 budget for the DSG Blocks, including the mainstream funding formula, to Full Council for approval.
 - b. Agree the 2026/27 growth fund, in line with the DfE's mandatory requirements for the treatment of the growth fund allocation.

- c. Note the application of a Minimum Funding Guarantee (MFG) rate of 0%, in line with the DfE's MFG threshold range which is between -0.5% and 0.0% for the 2026/27 financial year.
- 2.2 Maintained school members of the Schools Forum are requested to approve the proposed de-delegation arrangements set out within this report. These proposals include adjustments to the de-delegated contingencies budget to:
- Reduce the allocation for supporting schools in financial difficulty in line with current spend.
 - Increase the allocation for free school meals eligibility checking service based on actual cost.
 - Increase allocations for staff-related costs, including maternity and paternity supply cover and trade union facility time in line with current spend.
- 2.3 Agree to disapply the previously approved 0.5% funding transfer from the Schools Block to the High Needs Block (HNB) in order to set the budgets in accordance with the Schools Forum agreement and the government's directive to continue to move towards the National Funding Formula (NFF), using permitted NFF factors within DfE thresholds.

3.0 Contribution to Borough Plan

- 3.1 This report is linked to the Council's Borough Plan which aims to support babies, children and young people get the best start in life, by working in partnership with schools and other partners to make sure access to education is fair and equal.

4.0 2026/27 DSG Funding Announcements

- 4.1 The Department for Education (DfE) has confirmed school funding increases for 2026/27 based on updated pupil data and formulae assumptions and integrating existing additional grants received within the current financial year such as the Schools Budget Support Grant (SBSG) and National Insurance Contributions (NIC) grant into the NFF. Brent's confirmed DSG allocation is £452m.
- 4.2 Both the SBSG and NIC grants have been incorporated into the 2026/27 NFF using three methods: increasing core formula factor values (basic entitlement, FSM6, and lump sum), raising minimum per-pupil funding levels, and adjusting each school's baseline for funding protections. This mirrors the approach used for previous grant roll-ins.
- 4.3 Pupil premium funding, which is funding to improve education outcomes for disadvantaged pupils in England, will increase to £1,550 (£1,515 in 2025/26) for Primary aged pupils, £1,100 (£1,075 in 2025/26) for Secondary aged pupils and £2,690 (£2,630 in 2025/26) for children who are looked after by the local authority or who have been adopted from care or have left care.

5.0 Proposal to discontinue Schools Block transfer to the HNB

- 5.1 The High Needs Block (HNB) of the Dedicated Schools Grant (DSG) has been in deficit since the 2019/20 financial year. As at March 2025, the cumulative brought-forward deficit stands at £13.6m and is forecast to increase to £18.3m by the end of the financial year.
- 5.2 From 2022/23 onwards, a 0.5% transfer from the Schools Block to the HNB has been implemented, following agreement by the Schools Forum, to help address increasing demand. However, these transfers have been insufficient to offset the cumulative deficit.
- 5.3 In November 2021, following consultation with schools, the Schools Forum agreed to begin aligning school budgets with the government's requirement for local authorities to adopt, or move closer to the NFF, also referred to as the hard formula.
- 5.4 Brent now applies all NFF factor rates, except for English as an Additional Language (EAL) and Low Prior Attainment (LPA), which are set at the minimum permitted levels.
- 5.5 As a result of applying these rates, there is insufficient funding available to continue a transfer to the HNB without exceeding the DfE's funding factor thresholds.
- 5.6 It is therefore proposed that, for the 2026/27 financial year, the previously approved 0.5% transfer from the Schools Block to the HNB be disapproved, as schools are unable to sustain this transfer.
- 5.7 An update on the DSG Deficit Management Plan, which sets out plans to address the impact of no Schools Block transfer to the HNB in 2026/27, will be brought to the Schools Forum in February 2026.

6.0 2026/27 DSG Funding Blocks

6.1 Table 1 – 2026/27 Brent DSG Funding Allocations

Brent NFF Allocation 2026/27	Schools Block	High Needs Block	CSSB	Early Years Block	Total
	£'000	£'000	£'000	£'000	£'000
2025/26	298,181	90,976	2,445	40,269	431,872
2026/27	309,043	95,247	2,480	45,452	452,222
Increase	10,862	4,271	34	5,182	20,350
% Change	3.64%	4.69%	1.41%	12.87%	4.71%
*Other grants included in 2026/27 allocations (SBSG, NIC)	3,591				3,591
Increase/(decrease) excluding other grants	7,271	4,271	34	5,182	16,759
% Change excluding other grants	2.44%	4.69%	1.41%	12.87%	3.88%

- 6.2 Brent is set to receive a total DSG funding allocation of £452m in 2026/27 compared to £432m in 2025/26. This represents an overall increase of £20m.
- 6.3 The growth funding allocation has reduced to £1.3m compared to £1.8m in 2025/26. This allocation is based on the difference between the number of pupils on roll in each school between the October 2024 and October 2025 school censuses. This growth funding allocation is included in the overall Schools Block funding for 2026/27 as shown in Table 1 below.
- 6.4 The final HNB allocation has been announced as £95.2m. This is £4.3m more than the allocation for 2025/26 and represents a funding increase of 4.69%.
- 6.5 The 4.7% increase in funding in 2026/27 is considerably less than the 8% increase seen in EHCPs between January 2024 and January 2025 and will not contribute towards reducing the projected cumulative DSG deficit of £18.3m. It would, however, contribute towards funding any further additional pressures due to continued increases in the number of ECHPs. A detailed breakdown of the HNB budget will be presented to Schools Forum in February 2026.
- 6.6 In the summer of 2023, the previous government consulted on the minimum pass-through requirement for the Early Years Block to providers and outlined its intention to increase this from 95% to 97% once the new entitlements were sufficiently embedded. This change has now been implemented, with a mandatory minimum pass-through rate of 97% for all early year's entitlements from 9 months to 4 years old from 2026/27. Last year, local authorities were permitted to retain 4% from the 3-and-4-year-old entitlement and 2% from the 2-year-old and under 2 entitlements as part of a phased approach. For 2026/27, these transitional arrangements have ended, and the full 97% pass-through applies across all age groups. The move to 97% has reduced the amount available for central expenditure allocated from the 3 & 4-year-old funding entitlement compared to previous years. This shortfall has been mitigated through the introduction of a 3% allowable deduction from all the other entitlements. This would enable the local authority to maintain central services at current levels.
- 6.7 The EYNFF rate for 2-year-old funding will increase from £9.77 per hour in 2025/26 to £10.04 per hour in 2026/27, while the hourly rate for 3 and 4-year-olds rises from £6.80 to £7.27 in 2026/27. To support the transition from an annual to a termly census, the DfE has introduced a termly funding adjustment for 2026/27, meaning local authorities will receive an adjusted hourly rate for 3-and-4-year-old to offset the potential reduction in funded hours under a termly model. This adjustment applies only for 2026/27 and results in most authorities seeing an additional uplift on top of the usual year-on-year increase of £0.20p. For 2026/27, the EYNFF under 2-year-old rate has increased from £13.32 to £13.67 per hour. The detailed Early Years Block budgets are presented in a separate paper to this Schools Forum.
- 6.8 The Central Schools Services Block (CSSB) provides funding for local authorities to deliver central functions on behalf of pupils in maintained schools and academies. The CSSB funding is split into two elements: funding for

ongoing responsibilities and funding for historic commitments. For 2026/27, the CSSB income has been confirmed as £2.5m, an increase of 1.4% compared to £2.4m in 2025/26. The national formula for CSSB remains unchanged from 2025/26 and historic commitments funding continues to reduce by 20% annually from 2025/26 baseline, with the aim that only residual protected costs remain by 2030.

7.0 Schools Block Expenditure – Mainstream Funding Formula

7.1 Table 2 – Individual Schools Block funding

Details	£m
2026/27 DSG allocation	309.04
2026/27 NFF funded NNDR	-2.90
DSG schools block after deduction of 2026/27 NFF funded NNDR	306.14
Less transfer to HN Block	0.00
	306.14
Less growth fund	-0.54
	305.60
Less De-delegation	-0.86
Less Education services	-0.52
Post De-delegation and Education functions budget after deduction of 2026/27 NFF NNDR allocation	304.23

7.2 As shown in Table 2 above, the mainstream funding formula for 2026/27 is £309m. This includes £2.9m of the Schools Block funding which has been clawed back by the DfE to pay for Non-Domestic Business Rates directly to billing authorities on behalf of schools. £0.54m has been excluded for the growth fund. The allocation has been reduced by £0.86m for de-delegated funds and £0.52m retained by the council as a contribution towards fulfilling education services including school improvement services. This leaves £304.23m to be transferred to schools.

School improvement services

7.3 The School Improvement Monitoring and Brokering Grant was introduced in 2017 to provide local authorities with funding to support them in fulfilling their statutory school improvement functions under Part 4 of the Education and Inspections Act 2006 and their additional school improvement expectations as set out in the Schools Causing Concern (SCC) guidance (collectively referred to as core school improvement activities).

7.4 The government reduced the grant by 50% in 2022/23 and brought it to an end in 2023/24. Part 7 of Schedule 2 to the School and Early Years Finance

(England) Regulations 2023 allows local authorities to de-delegate for all improvement expenditure, including all core improvement activities.

- 7.5 Schools Forum was informed in January 2022 that the local authority would cover the cost of the 50% (£0.109m) reduction in grant funding in 2022/23 and this continued in 2023/24.
- 7.6 In 2024/25, there was a requirement to make a £50k saving against the budget that contributed the above 50% from the council's general fund account. As a result of this, the Schools Forum agreed to increase the de-delegated amount from schools to £0.159m with the local authority continuing to fund the balance of £59k for school improvement services to schools, to continue to support the functions of the Setting and School Effectiveness Service. It is proposed to retain this level of funding for the 2026/27 financial year.
- 7.7 This allocation of £0.159m plus the on-going £0.360m totals the £0.519m budget for education services as shown in Table 2 above.

8.0 De-Delegations

- 8.1 Agreement to de-delegate is sought on the basis that centralised budgets provide good value, and that maintained schools have open access to the services listed in the table below. Maintained school representatives are required to take a decision for their own school phase on each service on whether to de-delegate. The table below sets out the proposed de-delegated services.

8.2 Table 3 – De-delegated items

	2025/26		2026/27	
Primary Pupil Numbers	17,555		17,326	
Secondary Pupil Numbers	1,996		1,962	
Total Maintained pupils	19,551		19,288	
	Rate per pupil (£)	Amount (£)	Rate per pupil (£)	Amount (£)
Contingencies- Schools in Financial Difficulty	8.97	175,400	7.78	150,000
Contingencies- Redundancy funding	15.34	300,000	15.55	300,000
Free School Meals eligibility service	1.28	25,000	1.81	35,000
Licenses/ Subscriptions	0.33	6,500	0.34	6,500
Staff costs - Maternity & paternity supply cover	11.41	223,000	15.29	295,000
Staff costs - Trade union facilities	3.07	60,000	3.63	70,000
Total De-delegated items	789,900		856,500	

Contingencies

- 8.3 The proportion of schools relying heavily on reserves remains high with 43% of schools in deficit planning to use 50% or more of their reserves, compared to 42% in 2024/25. It is therefore proposed to continue to de-delegate funds to support schools in financial difficulty, however at a reduced amount of £0.150m, in line with the forecast spend in the current financial year. This would lead to a reduction in the per pupil de-delegated rate of £1.19 at £7.78 compared to £8.97 in 2025/26.
- 8.4 Schools Forum agreed in January 2024 that if in exceptional circumstances school redundancies are eligible to be funded centrally, where the funding criteria is met in line with the redundancy policy, then these will need to be found from within wider DSG funding. It was agreed that redundancies should be funded from the Schools Facing Financial Difficulties Fund (SFFDF). It is proposed to maintain this allocation at £0.3m. There is a £0.21 increase in the proposed rate for 2026/27 at £15.55 per pupil due to a fall in pupil numbers compared to the last financial year.

Free School Meals eligibility

- 8.5 The per pupil rates (£1.81) increase of £0.54 from last financial year is mainly due to a fall in pupil numbers. This is required to maintain the Free Schools Meals eligibility service at £35k, including an allocation for an increase in pay award and NIC.

Licences and Subscriptions

- 8.6 This covers the cost of two licences which the local authority pays for on behalf of schools. These are the British Pathe and CLEAPPS which is an advisory service that provides support in science and technology for a consortium of local authorities and their schools. It is proposed to maintain this allocation at £6.5k in line with the actual cost in 2025/26.

Staff costs

- 8.7 This budget covers schools' costs for maternity and paternity supply cover, as well as Trade Union services. It is proposed to increase the maternity and paternity supply cover budget by £72k, in line with the current 2025/26 outturn forecast, and to raise the Trade Union service budget by £10k to meet additional staff costs resulting from the current year's pay award. The net cost of centrally employing union representatives is estimated at £70k with £0.295m earmarked for maternity and paternity supply cover, in line with the 2025/26 forecast. This equates to de-delegation rates of £3.63 for Trade Union services and £15.29 for maternity/paternity cover.

9.0 Growth Fund

- 9.1 The proposal is to set aside a growth budget of £0.540m for the current Choice Advice and Fair Access Interview (CAFAI) arrangements with 3 schools to continue to meet the local authority's requirement to meet basic need for children who have newly arrived in the UK and require additional educational support. This programme is currently under review and further updates on any proposed changes will be brought to Schools Forum for approval.
- 9.2 There are currently no formal agreements between the local authority and any of the schools to support growth in pre-16 pupil numbers to meet basic need and therefore no budget has been set aside for this.

10.0 Falling Rolls

- 10.1 Where local authorities operate a falling rolls fund, they will only be able to provide funding where school capacity data (SCAP) shows that school places will be required in 2026/27 and/or the subsequent 2 years (this is a mandatory requirement). A review of Brent's SCAP demonstrates that fallings rolls are projected for 2026/27 and the next 2 years for the schools experiencing falling rolls and therefore, the funding would not apply for the next financial year.

11.0 Funding Formula Rates

- 11.1 For 2026/27 funding year, the DfE reaffirmed that local authorities must continue to bring their local formulae closer to the NFF. Specifically, they are required to shift their local factor values by at least 10% closer to the national formula each year, unless they already mirror it. A fixed target date by which the direct NFF will be in place has not been set, although the expectation is a move to the direct NFF by the 2027/28 funding year at the latest.
- 11.2 The DfE has provided the 2026/27 factor values including an Area Cost Adjustment (ACA) for Brent. Minimum and maximum allowable rates have also been included so local authorities must either move towards the NFF within the allowable rates or use the actual NFF rates. In line with this requirement, Appendix A provides information on the proposed funding factor rates used in setting the 2026/27 Schools budgets.
- 11.3 To allocate the maximum amount of the Schools Block funding to schools via the funding formula factors, and to make use of the increased funding available

in 2026/27 to cushion the impact of the transition, the local funding formula factors used to set the budgets for 2026/27 have been applied as follows:

- (a) The Indices of Deprivation (IDACI) measure uses 6 bands and the per pupil values for each band are already 'mirroring' the NFF values.
 - (b) Primary and Secondary lump sums factors are also 'mirroring' the NFF values.
 - (c) All Age-Weighted Pupil Unit (AWPU), Primary FSM, Secondary FSM, FSM ever6 and Primary and Secondary Mobility factors have been set at the NFF rates.
 - (d) The DfE's compulsory split site rates are at the NFF rates.
 - (e) Primary and Secondary EAL, Primary and Secondary LPA are set within the minimum rates.
- 11.4 The change in formula rates primarily allocates 25% of the additional pupil led funding through AWPU for all Primary and Secondary schools and targets schools with high deprivation via FSM as well as schools with a high number of pupils with EAL across both phases.
- 11.5 The MFG threshold range for 2026/27 is between -0.5% and 0.0%. The MFG has been set at the maximum allowable rate of 0%. This means that the per pupil funding rates will in the minimum remain the same as last year but not decrease. Under these proposals 17 out of 76 schools require an MFG allocation, and this totals £0.87m. This adjustment is included in the overall post de-delegations and education functions budget as shown in Appendix B.
- 11.6 Appendix B contains an analysis of the funding formula by individual school, giving both the total formula funding and per pupil funding against the previous year. It should be noted that changes in individual school funding are also caused by changes to the pupil cohort data for that school, for example, the number of pupils attracting the low prior attainment funding factor will change from year to year, so changes in funding are not solely driven by increases or decreases to pupil numbers.
- 11.7 29 schools are set to see reductions in overall budget share allocations in 2026/27, and this is mainly due to falling rolls ranging from an 8% to 14% drop in pupil numbers.

12.0 Update on Split site funding

- 12.1 The split site factor is compulsory for all local authorities, ensuring that split sites funding will be allocated consistently and fairly across the country.

12.2 The DfE has developed a split sites factor which recognises costs through a basic eligibility criteria that attracts a lump-sum payment of £63k, and a distance 600m eligibility criteria that attracts an additional lump-sum payment of up to £32k.

12.3 The table below sets out the split sites funding allocations for 2026/27 for schools that meet the new criteria.

12.4 Table 4 – Brents Schools' Split Site funding for 2026/27

School	DfE's distance to second site (metres)	Basic eligibility	Distance factor	Total 2025/26 allocation	Total 2026/27 allocation
		£	£	£	£
Alperton	670	62,988	30,915	92,749	94,539
Islamia	112	62,988	952	62,786	63,959
Kingsbury High	600	62,988	30,915	92,749	94,539
Leopold	1730	62,988	30,915	92,749	94,539

13.0 Mayor's Free School Meals Update 2025/26

13.1 For 2026/27, the Mayor has confirmed his commitment to continue delivering a universal free school meal scheme for state funded Primary schools for as long as he remains in office. Funding has already been allocated for the next academic year. However, allocations for 2026/27 and beyond will depend on updated school census data and further details from the government, which is expanding national FSM eligibility to all pupils in households on Universal Credit from September 2026. The Mayor's funding for 2025/26 academic year was at a rate of £3.00 per meal and provision was also made for Kosher meals funded at a rate of £3.85. These rates are above the government's rate of £2.61 which is to enable schools to fund the associated costs such as administrative and staffing costs of delivering additional FSMs.

14.0 Stakeholder and ward member consultation and engagement

14.1 This paper enables consultation with members of Brent's Schools Forum. The recommendations include a requirement for the endorsement of the DSG 2026/27 budgets for approval at Full Council in February 2026.

15.0 Financial Considerations

15.1 The financial implications have been detailed in the body of this paper.

16.0 Legal Considerations

16.1 This report has been drafted with due consideration of the School and Early Years Finance (England) Regulations 2025.

17.0 Equality, Diversity & Inclusion (EDI) Considerations

17.1 Not applicable.

18.0 Climate Change and Environmental Considerations

18.1 Not applicable.

19.0 Human Resources/Property Considerations (if appropriate)

19.1 Not applicable.

20.0 Communication Considerations

20.1 All School Forum papers are published, and all schools will have access to them. The final 2026/27 Schools' budget allocations school will be published on Best Brent by February 2026.

Report sign off:

Nigel Chapman

Corporate Director of Children, Young People and Community Development