

To: The Chair of Governors and Headteachers of all Lincolnshire maintained schools and academies

7th September 2026

Dear colleague

Mainstream Schools Funding 2027/28

Lincolnshire County Council's consultation with all maintained schools and academies

This consultation sets out the Council's school funding proposals for mainstream maintained schools and academies relating to 2027/28. At the current time, the Department for Education (DfE) has not published detailed school funding information, including allocations for 2027/28. Local Authorities have been informed that the National Funding Formula (NFF) allocations and supporting documentation will be published at some point in the autumn term. This consultation is therefore based on the assumption that the current NFF principles will remain in place for 2027/28.

Local Authorities will continue to be responsible for deciding local funding formulae for mainstream schools within the DfE's funding framework. In order to ensure that 2027/28 schools budgets can be published within the required timescales, the Council is undertaking a schools funding consultation that focuses on the principles of the funding formula. The Council is also seeking school views of a transfer of 0.5% funding from the Dedicated Schools Grant (DSG) Schools Block to the High Needs Block budget for the 2027/28 financial year – this is to support a continuation of the 2025/26 additional investment in supporting high needs initiatives, which was the first year of such a decision.

The consultation seeks the views of primary and secondary maintained schools and academies and the wider schools sector to inform the following decisions for 2027/28:

- The approach to managing an affordability gap when adopting the mainstream schools NFF.
- The level of the Minimum Funding Guarantee (MFG) protection a school receives in per pupil funding from one year to the next.
- Annual approval of the primary rents factor.
- A transfer of 0.5% funding from the Dedicated Schools Grant (DSG) Schools Block to the High Needs Block budget for the 2027/28 financial year to continue investing in high needs initiatives to secure better outcomes for SEND pupils through more cost-effective solutions, to alleviate the scale of the potential deficit caused by high needs spending.

2027/28 National Funding Formula (NFF) arrangements

The 2027/28 schools NFF will continue to use the same factors as the 2026/27 NFF.

A key change for 2027/28 is an adjustment for certain grants into the NFF. This includes the Schools Budget Support Grant (SBSG 26) that schools have received separately during 2026/27 and a reduction in NFF for the Teachers Pay Grant (TPG) included within the NFF formula factors. The SBSG 26 grant will be rolled into the NFF by adding the equivalent cash amounts to the following formula factors: primary, key stage 3 and key stage 4 per pupil funding factors, the primary and secondary Free School Meals (FSMs) Ever 6 factors and the lump sum and ensuring schools' baselines are uplifted for the proceeding grant for calculating the Minimum Funding Guarantee (MFG).

Due to a reduction in the Teachers' Pension employer contribution rate from 1 April 2027, the additional funding currently embedded within the NFF factors to support these costs will be removed. Consequently, for 2027/28, the primary, Key Stage 3 and Key Stage 4 per-pupil funding factors, the primary and secondary Free School Meals (FSM) Ever 6 factors, and the lump sum factor will be reduced. Baseline funding levels will also be adjusted accordingly to ensure consistency with the revised grant allocations used in calculating the Minimum Funding Guarantee (MFG).

The funding levels that both mainstream maintained schools and academies receive will be determined by Lincolnshire's local formulae. Of the 152 Local Authorities in England, 132 have set all their formula factors in their local formulae within 2.5% of the NFF values during 2026/27 – this includes Lincolnshire. For the purposes of the DfE's tightening criteria to move all Local Authorities to the direct NFF (DfE direction of travel), local factor values within 2.5% of the respective NFF values are deemed to be mirroring the NFF, this means that Local Authorities such as Lincolnshire can establish their NFF values anywhere within the +/- 2.5% range.

Consultation questions

The consultation questions are detailed below along with supporting background information to assist schools with responding to the questions. The link for submitting consultation responses can be found at the end of the consultation document. The consultation closing date is **5pm on Tuesday 22nd September 2026** and the outcomes of the consultation will be considered at the Schools' Forum meeting on the 8th October 2026.

Affordability

The Council's policy decision remains to continue adopting the Government's NFF in 2027/28, subject to affordability. Affordability arises due to the Government's application of lagged funding arrangements for Local Authority Schools block funding for pupil-led factors. By way as an example, for 2026/27, the DfE uses the October 2024 schools census pupil characteristics for Local Authority funding, however the Local Authority is required to fund mainstream schools 2026/27 budgets using the latest schools census (October 2025). Lincolnshire has seen significant growth in both FSMs and FSMs Ever 6 over the years, firstly from the pandemic and latterly with the cost-of-living challenges, which has caused these affordability gaps. Local Authorities are required to set an affordable local formulae.

The Council makes its best endeavours to fund the NFF in full for schools through firstly considering a movement of available budget from the Schools Growth Fund. This involves the Council reviewing the financial commitments for planned primary and secondary reorganisations in accordance with local policies against the Government's formulaic allocation, with remaining monies re-allocated through the schools NFF. Any remaining shortfall is addressed through a downward deduction in the Key Stage Age Weighted Pupil Unit (AWPU) values. The Council consider a sector-wide solution to be the preferred and fairest approach in Lincolnshire to manage the final affordability gap of the NFF, since the impact at an individual school level is low. In 2026/27, a -0.612% downward adjustment to

the AWPU values were made from the Government NFF rates to address the affordability gap (or on average per school 0.35% below the Government's NFF levels). The Minimum Per Pupil Funding Levels (MPPFL) and Minimum Funding Guarantee (MFG) still remain in place within the formula to provide protection to schools. Lincolnshire also remains compliant with the DfE tightening of all formula factors being within 2.5% of the NFF values.

Question: Where affordability is an issue in adopting the mainstream schools National Funding Formula (NFF) in 2027/28, do you support Lincolnshire's current approach to making a downward adjustment to the Key Stage Age Weighted Pupil Unit (AWPU) values across the sector?

Yes / No

Where the responder would prefer an alternative approach, please specify your preference:

- Reduce the Minimum Funding Guarantee (MFG) from +0.0% to -0.5%. The MFG is to protect schools from excessive year-on-year changes in per pupil funding. Please note, a change to the MFG factor to -0.5% would have only reduced funding requirements by £0.054m in 2026/27. A further option would still likely be required.
- Apply a gains cap percentage and scaling methodology for gaining schools. The cap sets the level of gain up to which a school retains 100% of any funding gain. The scaling factor determines the level of scaling back of any gain over the cap limit. For example, a cap limit of 3% is set and a scaling back level of 25% is set, a school with a base 5% funding gain would receive a capped and scaled gain of 4.5% (100% of any gain up to 3% and 75% of any gain over 3% i.e. $(3\% + (2\% \times 75\%) = 4.5\%)$).
- Other.

Minimum Funding Guarantee (MFG)

The Council is required to set a Minimum Funding Guarantee (MFG) per pupil between -0.5% and +0.0% against the schools existing per pupil baseline. The MFG is a funding protection mechanism that determines the change in per pupil funding levels that a school can experience from year to year, therefore preventing schools from having a significant downward shift in funding and supporting a schools financial stability and planning. Schools in receipt of MFG may be as a result of previous funding changes (through the introduction of the NFF) or pupil characteristic movements.

To enable a like-for-like comparison, all 2026/27 school funding baselines will be restated to include grant funding that will be rolled into the NFF for 2027/28.

Question: The Council adopted a +0.0% Minimum Funding Guarantee (MFG) value to ensure no Lincolnshire school will see a reduction in its pupil-led funding value. Do you agree with adopting the higher DfE value in 2027/28, based on 2026/27 MFG values?

Yes (+0.0%) – DfE maximum level

No (-0.5%) – DfE minimum level

Primary Rents Factor

Local Authorities can request the inclusion of additional factors in their formula for exceptional circumstances. The DfE may approve additional factors in cases where the nature of the school premises gives rise to 'significant additional costs greater than 1% of the school's budget, and where such costs affect fewer than 5% of the schools (including academies) in the area'.

A number of Lincolnshire primary schools are financially disadvantaged compared to other similar schools due to paying rents for ground and school buildings on the schools' site and playing fields. The Council consider the primary rents factor to be fundamental to ensuring equity and fairness in funding across its schools. The table below provides examples of schools currently in receipt of primary rents funding:

School	NoR	Rents Factor	Percentage of Funding
School A	112	£16,569	2.43%
School B	44	£16,372	3.84%
School C	98	£13,894	2.02%

The primary rents factor has been an agreed formula factor within Lincolnshire's NFF since 2018/19, and Lincolnshire will receive funding at the 2026/27 rents funding level in 2027/28 through the premise factor allocation within the Dedicated Schools Grant Schools block.

The Council is now required to apply to the DfE on an annual basis through the disapplication process for the inclusion of the primary schools rents factor within the NFF.

Question: Do you agree that the Council should continue to include a primary school rents factor within its local formulae for 2027/28?

Yes / No

Schools Block Transfer

The SEND Reforms have confirmed that the DfE will provide support to address historic High Needs related DSG deficits via the High Needs Sustainability Grant. The DfE funding of 90% of the Council's High Needs DSG deficit accrued up to the end of 2025/26 is subject to the approval of Lincolnshire's Local SEND Reform plan, which was submitted to the DfE on 18 June 2026. Lincolnshire's DSG deficit is £25.005m at March 2026, therefore the DSG went into a structural deficit for the first time during 2025/26. The High Needs Sustainability Grant is time-limited and is explicitly linked to demonstrable system reform, improved inclusion and sustainable use of resources. While this provides short-term financial stability, it reinforces the expectation that local systems, including schools and trusts, work collectively to strengthen mainstream provision, reduce escalation and deliver long-term financial sustainability.

Whilst the Statutory Override is in place to 2027/28, the government has outlined a continuing commitment of appropriate and proportionate support to high needs deficits, though it will not be unlimited and the expectation is LAs continue to manage their system effectively locally, ensuring the money is being spent in line with best practice and appropriate high-quality support is provided. Once the Statutory Override ends at the end of 2027/28, the government has outlined that funding will be managed within the overall central Government Departmental Expenditure Limit envelope.

The latest forecast for 2026/27 indicates a projected overspend of £51.947m.

Difficult decisions continue to be required on all aspects of High Needs spending. To support Lincolnshire in working towards achieving a balanced sustainable budget and improved value for money, the Schools' Forum supported the 0.5% Schools block transfer to the High Needs block in 2025/26 and 2026/27 to provide additional investment in initiatives to alleviate the scale of the potential deficit caused by the high needs spending. Early indications are that this is delivering positive outcomes for Lincolnshire, including the rolling out of mainstream SEND hubs, strengthening the Council's mainstream SEND offer which is specifically designed and resourced to meet their specific needs in the local community.

The Council is seeking views regarding a 0.5% Schools transfer to the High Needs block for 2027/28 to support the continued investment in high needs initiatives. Schools block transfers require an annual decision to be taken. These initiatives include:

- SEND Workforce Development: continuation of the delivery of the learning / training platform. Full update of the content and expansion of sixteen additional modules, designed by schools for school staff, to meet the needs of children and young people (cyp) with special educational needs and disabilities (SEND).
- Transition Support: additional staff within Pupil Reintegration Team (PRT) with focus on supporting pupils to transition from Alternative Provision (AP), special school or Interim Home Tuition back to mainstream via Lincolnshire's Transition Protocol. As part of the process, transition funding is provided, supporting mainstream schools during the Transition Protocol period of dual registration. Enabling robust, meaningful and proactive support as part of the transition plan and maximising opportunities for successful outcomes.
- Behaviour Support Review: commissioned from Lincolnshire's AP provider, for secondary schools to proactively meet the behavioural needs of their pupils, increase effective inclusion, and reduce the need to exclude.
- Inclusion Quality and Effective Team: supporting mainstream schools to effectively meet the additional needs of their pupils and increase schools' confidence in their ability to do this. Providing critical professional partnership to mainstream schools, challenge and support to senior leaders, and strengthened quality of early intervention and the graduated approach.
- SEND Hubs and AP Hubs: development of new mainstream Hubs via Lincolnshire's Better Belonging: Sufficiency Strategy 2025-2028. Increasing availability of provision to support pupils in their local communities, embed inclusive practice across mainstream settings to foster greater sense of belonging, and effect the Local Authority's drive towards financial sustainability of the local area SEND system.

Using the 2026/27 Authority Proforma Tool for illustration purposes, a 0.5% Schools block transfer would result in an AWPU reduction of 1.44% following the application of the funding protections through the Government's MFG and Minimum Per Pupil Funding Levels (MPPFL). This would equate to c. £34 per pupil for Key Stages 1 and 2, c. £47 per pupil for Key Stage 3 and c. £53 per pupil for Key Stage 4. This decision would only relate to 2027/28, and any future Schools block transfer would require annual consultation with schools.

Question: Do you support the proposal to transfer 0.5% of the Schools block to the High Needs Block budget for the 2027/28 financial year to assist the delivery of a more effective and financial sustainable system?

Yes / No

The consultation is held on Lets talk, link to the consultation platform is detailed below:

<https://www.letstalk.lincolnshire.gov.uk/embeds/projects/51975/survey-tools/60298>

The closing date of the consultation by 5pm on Tuesday 22nd September 2026 to enable consideration to be made by the Schools' Forum.

The results of this consultation will be presented to members of Lincolnshire's Schools' Forum on the 8th October 2026, for their consideration and support. Executive Councillor decision will be made in Spring 2027 to ensure the schools budgets are published by the end of February 2027.

Privacy statement

We will only use the information you provide, for the purposes of this consultation and to discuss your survey responses if follow-up is necessary. We will only ask you to provide the minimum amount of information we need in order to do this.

Your information is only shared where necessary and where the law allows it.

We will only keep your information for as long as is necessary, and in line with our [retention schedules](#).

For further information on how we process your information, see our [Privacy Notice](#).