

# Budget assumptions – 2026–29 medium-term plan

## March 2026<sup>1</sup>

Strategic financial planning requires making assumptions where there are known unknowns. This is necessary to present the most informed picture of the financial landscape and how this will impact on the sustainability of the school or trust.

It is best practice to agree medium-term budget assumptions with the trust or governing board in advance of starting the budgeting process. This is an update of the budget assumptions published in February 2026 following the announcement of further information and the impact of global events.

Noting that there could be potential changes in future years' funding, the following information uses the best available sources and is also informed by advice from ISBL Fellows and accredited School Resource Management Advisers (SRMAs).

The information provided indicates appropriate ranges of assumptions but, where possible, also indicates a potential 'best fit' assumption.

In this paper, medium-term plan means:

- Year 1 funding year 2026–27
- Year 2 funding year 2027–28
- Year 3 funding year 2028–29

### Known unknowns where further information is required

- The [June 2025 Spending Review](#) announced and promised an increase of £4.7 billion in total schools funding by 2028. This is an increase of over 7% from the current position. It is currently unclear how much of this will be used to support the increases in high needs funding and how much will support mainstream schools core funding.
- Proposals have been made for both the teachers and support staff increases, but the final positions have not been agreed.

### Unknown unknowns

- Geopolitical instability, particularly within the USA and Middle East, which might impact non-staffing costs for schools.
- **Other potential factors will be discussed in future updates.**

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<sup>1</sup> Please note that this guidance will be subject to further updates as additional information becomes available.

# RECOMMENDATIONS AND ASSUMPTIONS

## 1 Pupil numbers

The general annual grant (GAG) or school budget share statements, due to be received in February 2026, will be based on the October 2025 census figure. The crucial data for a medium-term plan is the forecast pupil numbers for October 2026 and October 2027, upon which the funding for 2027–28 and 2028–29 will be based.

Our advice is that pupil numbers, including Pupil Premium pupils (FMS6) and pupils with education and health care plans (EHCPs), should be tracked through the monthly management accounts presented to trustees and governors. It is best practice to divide these pupil numbers by year group to enable easier forecasting in future years.

In areas where schools are facing falling rolls, gathering additional information from the place-planning department at the local authority will be key to ensuring that forecasts are accurate. Secondary schools may also benefit from information from their feeder primary schools.

Ensure that your pupil forecasts take account of the following:

- If you are a primary phase school that has a nursery, ensure that your pupil number forecasts for the nursery are accurate. We would advise that you forecast a full-time equivalent (FTE) based on pupils accessing 30 hours across the week, so a 15-hour pupil will be recorded as 0.5 FTE.
- If you are a secondary with a sixth form, then ensure you accurately forecast both recruitment to Year 12 and also retention from Year 12 into Year 13. It is really important that the school has a firm grasp of how the funding system for post-16 operates so that pupils are assigned to appropriate courses that lead to appropriate funding.

**Note: Ensuring that pupil numbers are accurate has a greater impact on the accuracy of budget forecasts than any of the inflationary assumptions that follow.**

## 2 Income

### 2.1 Main funding grants

#### 2.1.1 General annual grant (GAG)/School budget share (SBS)

##### Year one, 2026–27

LA maintained schools received their 2026–27 funding statement in February 2026 via their local authority. Academies have received their GAG statements through the [‘Manage your education and skills funding’ portal](#).

As noted above, the 2025 Spending Review indicated an increased level of funding for schools, but the [Institute for Fiscal Studies report published in January 2026](#) indicates that much of this increase is likely to be used for high needs funding.

In fact, of the £4.7 billion indicated:

- £600 million is wrapped up in the SBS grant already received.
- £400 million is for the expansion of free school meals to all families on Universal Credit.
- £760 million allocated to reforming high needs funding (despite the announcement on 9 February 2026 that central government will spend £5 billion writing off 90% of local authority high needs funding debts, it seems realistic to assume that this allocation will still form part of the plans).

So, following these considerations, we believe the increase to core schools funding is likely to be closer to:

- 2026–27 – 1.6%
- 2027–28 – 1.6%
- 2028–29 – 1.6%

The above assumptions are for the **total** increase in per-pupil funding and so not just the core funding. This will include, for instance, the inclusive mainstream fund (IMF) discussed below and any funding that **may** be made available.

**Note: This is below the SRMA and ISBL Fellows’ survey, the results of which are included below, but it is suggested to be a more realistic assumption in this context.**

Percentage of survey responses	2026–27	2027–28	2028–29
<b>40%</b>	2%	2%	2%
<b>21%</b>	1%	1%	1%
<b>14%</b>	2%	2%	3%
<b>7%</b>	1%	2%	3%

## 2.1.2 16–19 programme funding

The [national funding rate for students funded via the 16 to 19 funding formula](#) was announced on 10 March:

Band	Annual planned hours	Students	National funding rate per student
5	580+ hours	16- and 17-year-olds and students aged 18 and over with high needs	£5,133
4a	485+ hours	Students aged 18 and over who are not high needs	£4,246
4b	485 to 579 hours	16- and 17-year-olds and students aged 18 and over with high needs	£4,246
3	385 to 484 hours	All students	£3,453
2	300 to 384 hours	All students	£2,730
1	Up to 299 hours	All students	£5,133 proportion of band 5

This represents fractionally above a 0.5% uplift (from £5,105 to £5,133.) There will also be the [inclusive maintained fund \(IMF\) for post-16](#); the details of allocations will be released in May for the 2026–27 financial year and paid in July 2026.

### 2.1.2.1 Post-16 National Insurance contributions grant

The grant will cover April 2026 to March 2027:

- methodology and conditions of grant confirmed by the end of April 2026
- allocations at an institutional level published by the end of June 2026
- payments made at the end of September 2026 (start of October for academies)

### 2.1.2.2 Teachers’ pension scheme employer contributions grant (TPSECG) for sixth forms

The [TPSECG](#) school-level allocations will be published in May for April 2026 to August 2026 and in October for September 2026 to March 2027.

The Department for Education (DfE) will pay the [teachers’ pension scheme employer contribution grant](#) (TPSECG) for sixth forms and 16 to 19 schools funded via the 16 to 19 funding formula. As in previous years, DfE will pay the grant separately to core allocations in financial year 2026–27.

## 2.2 Other ESFA grant income

### Year one, 2026–27

#### 2.2.1 Employers' National Insurance contributions (NICs) grant/Schools budget support grant (SBSG)

These grants will be rolled into the school budget share or GAG for 2026–27 onwards. We recommend that, until further information is available on core schools funding rates, where grants are being rolled into the core funding, the current rate be kept in for future years.

#### 2.2.2 Inclusive mainstream fund (IMF)

The Department for Education has announced the [inclusive mainstream fund](#) (IMF), which will be paid to schools across the 2026–27 **financial year** in June (local authorities) and July (academies) 2026. The fund is to support the implementation of inclusive practices as part of the Education White Paper and represents the use of £400 million of funding allocated for this purpose following the June 2025 Funding Review. There will be further money in 2027–28 and an increase in 2028–29 to support these aims.

The base funding rates for the 2026–27 financial year are:

- a lump sum of £3,000 per school
- for primary school pupils, a rate of £16 for all pupils (including pupils in reception) and a low prior attainment (LPA) per-pupil rate of £79 per eligible pupil
- for secondary school pupils, a rate of £14 for all pupils up to the age of 16, and an LPA per-pupil rate of £88 per eligible pupil
- pupils in middle school or all-through schools will be funded at the appropriate rate according to their age.

You can [check your funding here](#) and print a PDF.

As a condition of the funding, schools must publish an inclusion strategy statement by 31 December 2026.

As noted above, the [post-16 IMF funding](#) methodology will be published in May, and the [early years inclusive maintained fund](#) will be paid via local authorities.

#### 2.2.3 Pupil premium funding

Rates for the year from April 2026 are detailed below. The increase from the previous year was around 2.3%; although the 2027–28 and 2028–29 rates are not yet available, a further 2% increase year on year seems a reasonable assumption to use:

- Primary (Ever6FSM and those with no recourse to public funds (NRPF)) – £1,550
- Secondary (Ever6FSM and those with no recourse to public funds (NRPF)) – £1,100
- Looked after children (LAC) (funding paid initially to the local authority, allocated by the Virtual Head) – £2,690
- Post-LAC (adoption, special guardianship or arrangement order following care) – £2,690
- Service Pupil Premium has increased to £360.

You may want to use [this calculator](#) to estimate your income in advance of any release by the Department for Education.

With the revision to free school meal eligibility, as noted below, this will require a change to pupil premium grant eligibility. A Treasury report states that: 'The [DfE] will design a new model for targeting disadvantage funding by using income data to directly allocate pupil premium and NFF [national funding formula] deprivation funding.' The details have yet to be released.

#### 2.2.4 Universal infant free school meals

The rates for 2026–27 are not currently available. The current rate is £2.61 and increases to £2.66 in September 2026.

From September 2026, free school meal (FSM) entitlement is being extended to all families on Universal Credit. This will extend the number of pupils entitled to FSM.

The holiday activities and food (HAF) programme will be extended until March 2027, and eligibility will be based on the existing criteria.

### 2.2.5 Mayor’s funding for key stage 2 meals

The Mayor of London announced in 2025 that the free school meals for key stage 2 pupils will continue for ‘the next four years’. This funding is at a slightly higher rate than the universal infant free school meals (UIFSM), closer to £3 per meal.

### 2.2.6 PE and sport premium

The rates for 2026–27 are not currently available; however, the grant has previously been calculated on the following basis:

- schools with 16 or fewer eligible pupils will receive £1,000 per pupil
- schools with 17 or more eligible pupils will receive £16,000 and an additional payment of £10 per pupil.

The grant has not increased in the past; therefore, using the same basis would be appropriate. Although there is uncertainty each year over whether the grant will continue, in light of ongoing concerns around childhood fitness and health, it is reasonable to assume that this grant will continue.

You may want to use [this calculator](#) to estimate your income in advance of any release by the Department for Education.

## 2.3 All other income

Unless otherwise known, it would be prudent for all self-generated income to be budgeted at 2025–26 forecast out-turn + 0% inflation.

# 3 Expenditure

## 3.1 Staffing costs

### Year one, 2026–27

#### 3.1.1 Teachers

The Secretary of State’s advice to the School Teachers’ Review Body has requested that they consider a three-year settlement of 6.5% increase weighted towards the end.

The SRMA/ISBL Fellows’ survey suggested the following assumptions:

Percentage of survey responses	2026–27	2027–28	2028–29
60%	2%	2%	2.5%
21%	1.5%	2%	3%
16%	1.5%	2.5%	2.5%

We agree that, until further information is available, the reasonable assumption is a 2% increase in the first two years with a 2.5% increase in year 3.

- 2026–27 +2%
- 2027–28 +2%
- 2028–29 +2.5%

It should be noted that in the Department for Education’s (DfE) [Schools’ Costs 2025 to 2029](#), published in March 2026, DfE indicates that there is sufficient ‘headroom’ in school budgets to allow a 2.7% teacher

salary increase across the **two** years of 2026-27 and 2027-28. This headroom is below the salary increase forecast above and may indicate the possibility of further grant funding if the salary settlement is higher.

Although we will not assume any additional grant to support the pay increase, whenever there is a grant, it is always on a per-pupil basis and so may not meet the full impact of pay increases on an individual school basis.

**It should also be noted that the assumptions for teacher salary increases are below the employers' offer to support staff – see below.**

### 3.1.2 Support staff

Until the advent of a School Support Staff Negotiating Body (SSSNB), possibly for the 2027–28 year, school support staff negotiate with other local government staff as part of the National Joint Council (NJC) for Local Government Services. Support-staff unions have submitted their pay claim:

- All NJC employees to receive a wage rise of £3,000 or 10% (whichever is greater)
- A minimum hourly rate of £15
- An extra day of annual leave
- A reduction of two hours in the working week
- School staff to have the right to take at least one day of leave within term time.

They have also indicated that if a three-year increase was available, they would like to see above-inflation awards:

- 2027 – RPI\* + 3%
  - 2028 – RPI\* + 2%
- \*RPI – Retail Price Index

The final agreed NJC award will be effective from **1 April 2026**.

Historically, support-staff salary increases are not funded with additional grants (although the core schools budget grant (CSBG) in 2024–25 and the school budget support grant (SBSG) in 2025–26 partially funded the 2024 increase).

The survey of SRMAs and ISBL fellows showed the greatest variation in this area, both for the coming year and subsequent years:

Percentage of survey responses	2026–27
48%	3%
21%	2%
14%	4%

Percentage of survey responses	2027–28	2028–29
26%	2%	2%
23%	3%	2%
21%	3%	3%

### Recommendation

The [NJC employers offered an increase of 3.3%](#) on 24 March 2026, and we currently feel this is likely to be the final agreed increase:

- 2026–27 +3.3%
- 2027–28 +2%
- 2028–29 +2%

**Note: Many Local Government Pension Scheme (LGPS) funds are in significant surpluses, and, following the triennial revaluations, are reducing employer contribution rates. Make sure you know what changes to contribution rates are being enacted in your fund.**

### 3.2 Non-pay expenditure (all non-staffing costs)

Economic forecasting is more speculative than ever, and a large statistical release from the Office for National Statistics (ONS) is due imminently.

The latest information from ONS, however, is that the Consumer Prices Index (CPI), which is a useful indicator for schools, was 3.4% in December 2025 and dropped to 3% in both January and February 2026. The Bank of England has also stated that it is forecasting inflation dropping to close to the 2% target by April 2026.

It was clear that the rate of inflation was on a declining trajectory, but this was before the war in the Middle East. ONS has not published any information on inflation that covers the period following the start of the war on 28 February 2026. We assume that this will impact on energy costs and will have a further impact on wider costs.

The Department for Education uses the GDP deflator as its primary inflationary indicator. The latest statistical release from ONS, published in January 2026, provided these forecasts for future years (calendar and fiscal, but not academic):

Year	Calendar year	Financial year
2026 (2026–27)	2.25%	2.23%
2027 (2027–28)	2.05%	2.01%
2028 (2028–29)	1.93%	1.88%
2029 (2029–30)	1.83%	1.85%
2030 (2030–31)	1.93%	1.95%

The survey of SRMAs and ISBL fellows was quite divided on what were reasonable inflationary assumptions:

Percentage of survey responses	2026–27
33%	3%
30%	3.5%
12%	2.5%
9%	3.8%

Percentage of survey responses	2027–28	2028–29
33%	3%	3%
23%	2%	2%
14%	3%	2%
12%	3.5%	3.5%
9%	3.5%	3%

We now consider that our initial estimation of inflation in 2026-27 may have been too low and so have revised this upward by 0.5% but await further information and will amend this in the light of new data:

- 2026/27 +3.5%
- 2027/28 +2%
- 2028/29 +2%

## SUMMARY

### 1 Income

#### 1.1 Core school funding

	2026–27*	2027–28	2028–29
Total of <b>all</b> per-pupil funding	1.6%	1.6%	1.6%

\*This includes all per-pupil funding, not just the GAG and school budget share.

#### 1.2 16–19 funding

	2026–27*	2027–28	2028–29
Total of <b>all</b> per-pupil funding	1.0%	1.6%	1.6%

\*This includes all per-pupil funding, not just the national funding rate.

### 2 Expenditure

#### 2.1 Teacher pay increase assumptions

	2026–27	2027–28	2028–29
Increase on all salary points	2%	2%	2.5%

#### 2.2 Support staff pay increase assumptions

	2026–27	2027–28	2028–29
Increase on all salary points	3.3%*	2%	2%

\*As per employer offer.

#### 2.3 Non-pay increase assumptions

	2026–27	2027–28	2028–29
General non-staff inflation	3.5%*	2%	2%

\*Increased due to war in Middle East.

### 3 Other grants

Until more detail is available, you may want to use the following calculators:

- [PPG Calculator](#)
- [PE and Sports Grant Calculator](#)
- [Inclusive mainstream fund](#)
- [Devolved formula capital](#)

## ACKNOWLEDGEMENTS

The author of this document is Peter Tomkins, School Resource Management Adviser (SRMA) and Director TSO Education, in collaboration with other accredited SRMAs.



### Sources referenced:

SRMA/ISBL Fellow Survey; Schools operational guide: 2026–2027; Secretary of State STRB recommendation; Office for National Statistics; Forecasts for the UK economy (HM Treasury); Institute of Fiscal Studies *Annual report on education spending (January 2026)*