NORTH YORKSHIRE SCHOOLS FORUM

Date of meeting:	Thursday 19 November 2026
Title of report:	**2027-28 School Funding Consultation Results**
Type of report: Delete as required	For decision
Executive summary: Including reason for submission	This report provides the results of the 2027-28 School Funding Consultation that ran from 25 September 2026 to 23 October 2026. The report requests the Schools Forum consider: • The consultation option to be endorsed in relation to the level of the Minimum Funding Guarantee. • The methodology to be endorsed for use in the allocation to school budgets of any surplus funding available within the Schools Block DSG after the calculation of the school funding formula using NFF values. • The capping and scaling methodology to be endorsed for use in the recovery of any funding shortfall on the Schools Block DSG after the calculation of the school funding formula using NFF values. • Proposed amendments to the notional SEN budget formula for primary schools for the 2027-28 financial year to reflect the current profile of pupils with additional SEND within the sector The report also details the Local Authority position in respect of the repayment of any deficit on the Schools Block DSG as at 31 March 2027.
Budget / Risk implications:	Individual school budget levels for the 2027-28 financial year.
Recommendations:	As detailed in Section 4, following the consultation with all mainstream schools and academies in North Yorkshire, the Schools Forum is asked: a. To consider the consultation options to be endorsed by the Schools Forum in respect of: • The level of the minimum funding guarantee (MFG) protection for the 2027-28 financial year. • The methodology to be used to deal with any funding surplus or funding shortfall on the 2027-28

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	schools' block Dedicated Schools Grant (DSG) after the calculation of school budgets. • Proposed amendments to the notional SEN budget formula for primary schools for the 2027-28 financial year to reflect the current profile of pupils with additional SEND within the sector b. To note the Local Authority position in respect of the repayment of any deficit on the Schools Block DSG as at 31 March 2027.
Voting requirements:	All Schools Forum voting members
Appendices:	Appendix 1 – Additional comments provided in school / academy Consultation responses.
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1.0 PURPOSE OF THE REPORT

1.1 This report provides an overview of the results and responses received from schools and academies to the 2027-28 School Funding Consultation.

1.2 The Schools Forum is asked:

i. To consider the results of the Consultation and the responses received.
ii. To consider which of the options consulted on should be endorsed in relation to:
- the Minimum Funding Guarantee (MFG),
- the methodology to be endorsed for use in the allocation to school budgets of any surplus funding available within the Schools Block Dedicated Schools Grant (DSG) after the calculation of the school funding formula using NFF values.
- the capping and scaling methodology to be endorsed for use in the recovery of any funding shortfall on the Schools Block DSG after the calculation of the school funding formula using NFF values.
- proposed amendments to the notional SEN budget formula for primary schools for the 2027-28 financial year to reflect the current profile of pupils with additional SEND within the sector

iii. To note the Local Authority position in respect of the repayment of any deficit on the Schools Block DSG as at 31 March 2027.

2.0 BACKGROUND

2.1 The DfE have previously stated that the 2027-28 DSG funding information will be published in Autumn 2026; at this stage, the funding information is still to be received. In advance of confirming the schools National Funding Formula (NFF) factor values and allocations for the 2027-28 financial year, the DfE have provided summary policy information. This guidance confirms:

- The schools NFF for 2027-28 will use the same factors that were used in the 2026-27 NFF.
- Funding protection in 2027-28 through the operation of a minimum per-pupil level (MPPL) and the funding floor.
- The NFF funding factors will operate in the same way in the NFF for 2027-28 as they did in 2026-27, though the factor values will be updated.
- In addition to the schools NFF factors, growth and falling rolls funding will continue to be provided to local authorities.
- The schools NFF for 2027-28 will include additional funding in respect of improved maternity pay for teachers from September 2027, as committed to in the Every child achieving and thriving schools white paper.
- The mainstream schools' element of the School Budget Support Grant 2026 (SBSG 26) will be rolled into the schools NFF for 2027-28, ensuring that this funding continues to form part of schools' core budgets going forward.
- Funding for schools will be reduced to reflect the decrease to employer contribution rates for the teacher's pension scheme (TPS) from 28.68% to 17.68% from April 2027. The funding reduction will reflect the decreased cost at a national level; the DfE state that the spending power of the school's sector as a whole will not decrease.

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- Local authorities will continue to be responsible for deciding local funding formulae for mainstream schools in their area for 2027-28. The funding levels that schools, both maintained schools and academies, receive will be determined by the respective local formulae.
- Due to the lag in data used to calculate the 2027-28 NFF, the funding allocated to local authorities through the schools NFF will not take into account the free school meal (FSM) expansion to all children in households receiving Universal Credit. As a result, local authorities will receive additional funding through their schools' block DSG allocations issued in December 2026. This will reflect the increase in FSM-eligible pupils that they will have to fund through their local mainstream school's formula.

2.2 The overall funding requirement for 2027-28 school budgets, and the associated affordability within the 2027-28 schools block DSG funding provision, cannot be finalised until the actual 2027-28 schools block DSG allocation is received in December 2026. The final position can result in there being either a funding surplus or shortfall on the grant allocation. The local authority needs to ensure that consideration is given to how any final funding surplus or shortfall is managed. The 2027-28 North Yorkshire School Funding consultation requested the views from mainstream schools and academies as to how any funding surplus or shortfall should be managed for the 2027-28 financial year.

2.3 As previously outlined to the Schools Forum, the DfE have mandated that a local authority cannot carry forward positive balances on the other non-High Needs DSG blocks if the whole DSG account is in deficit at the end of the year. The overall net DSG deficit for North Yorkshire as at 31 March 2026 is £3.6m. Consideration of the setting of school budgets for the 2027-28 financial year will need to reflect the funding requirement for any deficit balance on the 2026-27 Schools block DSG as at 31 March 2027 resulting from the previously agreed and budgeted utilisation of Schools Block DSG reserve funding for the 2026-27 financial year for school budgets (£1.5m) and Pupil Growth and Falling Rolls Funds (forecast £217k, including new schools provision). The DfE school funding regulations allow for any deficit on the Schools Block DSG to be normally recovered over up to two financial years. Under regulation 9 of and Schedule 2 to the School and Early Years Finance (England) Regulations 2026, local authorities are required to carry forward overspends to their school's budget either in the immediately following year or the year after. The impact of these provisions means that a local authority with a DSG deficit from the previous year must either:

- carry the whole of the deficit forward to be dealt with in the schools' budget for the new financial year
- carry part of it forward into the new financial year and the rest of it into the following financial year
- carry all of it into the following financial year, or
- apply to the Secretary of State for Education under the regulations for authorisation to disregard the requirements in regulation 9 and Schedule 2 relating to deficits if it wishes to fund any part of the deficit from a source other than the DSG.

2.4 The local authority is not proposing to transfer funding from the Schools Block to the High Needs budget for the 2027-28 financial year.

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3.0 RESULTS OF THE LOCAL CONSULTATION

3.1 34 responses have been received to the consultation, as shown below.

LA Maintained Primary	24
LA Maintained Secondary	5
Primary Academy	3
Academy Trust	2
	34

53 schools and academies are represented in the responses received providing an overall response rate of 16.01% (17.90% LA maintained schools, 14.2% academies). 278 schools / academies are not represented in the consultation responses.

Two academy trusts have responded to the consultation representing 10 and 11 North Yorkshire academies respectively.

3.2 The Consultation requested the views of schools and academies on the following areas:

- The level of the minimum funding guarantee (MFG) protection. This determines the minimum funding change that a school will receive in terms of funding per pupil between the 2026-27 financial year and the 2027-28 financial year.
- The methodology to be used to deal with any funding surplus or shortfall on the 2027-28 Schools' Block Dedicated Schools Grant (DSG) after the calculation of school budgets.
- Proposed amendments to the notional SEN budget formula for primary schools for the 2027-28 financial year to reflect the current profile of pupils with additional SEND within the sector, as follows:

    - To increase the percentage of the FSM6 funding allocated for notional SEN funding from 30% to 40%
    - To increase the percentage of the IDACI funding allocated for notional SEN funding from 20% to 50%

3.3 The table below provides details of the consultation results in respect of both the number of responses received in support of each option and the numbers of schools represented in the responses.

Option	MFG %*	No. Responses Received Supporting Option	No. Schools Represented in Responses Supporting Option
Option 1	Minimum DfE Threshold	6	15
Option 2	Maximum DfE Threshold	27	37
		33	**52**

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Option	Methodology for the Allocation of Any Surplus Funding	No. Responses Received Supporting Option	No. Schools Represented in Responses Supporting Option
Option 1	Age Weighted Pupil Unit (AWPU) values increased	12	21
Option 2	Lump Sum Formula Factor Value increased	22	32
		34	**53**
Option	**Methodology for the Operation of Capping and Scaling to Recover Any Funding Shortfall**		
Option 1	A lower gains cap percentage and a lower scaling back of gains percentage	20	39
Option 2	A higher gains cap percentage and a higher scaling back of gains percentage	14	14
		34	**53**
Option	**Proposed amendment to the notional special educational needs budget calculation for primary schools for the 2027-28 financial year***		
Option 1	Supported	27	46
Option 2	Not Supported	6	6
		33	**52**

*1 school did not provide a response to this question

A number of schools and academies also provided additional comments to support their responses. These comments are detailed in **Appendix 1** to this report.

3.4 In 2018-19, the view was expressed by the North Yorkshire Education Partnership (now Schools Forum) to implement a funding formula that reflects the NFF principles and the associated transitional arrangements. A MFG level at the maximum threshold has historically reflected the DfE 'direction of travel' and is likely to reflect the level of funding increase provided by the DfE to the minimum per pupil level funding. In terms of the distribution methodology for the allocation to school budgets of any surplus funding available within the Schools Block after the calculation of the school funding formula using NFF values, a lump sum methodology would generally benefit smaller schools and an AWPU methodology would generally provide greater funding benefit to larger schools. The impact of the capping and scaling methodology is generally: a lower funding gains cap requires a lower scaling back percentage to achieve the required funding reduction. This results in the reduction being shared across a wider number of schools with a lower level of funding gains reduction across the schools impacted. A higher funding gains cap requires a higher scaling back percentage to achieve the required reduction. This results in the reduction being shared across a lower number of schools (those schools with highest level of gain) and there is a higher level of gains reduction across the schools impacted. The setting of the MFG level is the prime decision, with the decision on the methodology for the management of any surplus or shortfall in funding allocation representing a secondary consideration.

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3.5 The School and Early Years Finance Regulations place the responsibility for the management of the DSG, including the management and recovery of any DSG deficit, with the Local Authority. The Local Authority will exercise discretion on the repayment of any deficit on the Schools Block DSG as at 31 March 2027. In determining the required approach for any deficit recovery in the 2027-28 financial year, the Local Authority will have regard to:

- The funding of school budgets at the DfE 2027-28 NFF factor values
- A minimum repayment of 50% of the value of any Schools Block DSG deficit as at 31 March 2027.

3.6 The decisions, within the parameters of the DfE school funding regulations, in relation to the operation of the school funding formula, including the level of the MFG, are made by the local authority having regard to the views of the Schools Forum. In this respect, the North Yorkshire Council Executive at its meeting on 5 January 2027 will provide a decision on the following:

- The level of the minimum funding guarantee (MFG) protection. This determines the minimum funding change that a school will receive in terms of funding per pupil between the 2026-27 financial year and the 2027-28 financial year.
- The methodology to be used to deal with any funding surplus or shortfall on the 2027-28 schools' block Dedicated Schools Grant (DSG) after the calculation of school budgets.
- proposed amendments to the notional SEN budget formula for primary schools for the 2027-28 financial year to reflect the current profile of pupils with additional SEND within the sector
- The repayment of any forecast deficit on the Schools Block DSG as at 31 March 2027

3.7 At the present time, due to the timescale of the publication of school funding information by the DfE, there is uncertainty in respect of the overall 2027-28 school funding position. The position will not be fully known until the actual 2027-28 Schools Block DSG funding allocation is received in mid-December 2026. Whilst full regard will be given to the views expressed by the Schools Forum in relation to school funding arrangements, the Council's Executive reserve the right to adopt alternative options, if required, in order to secure the overall affordability of school budgets for the 2027-28 financial year.

4.0 RECOMMENDATIONS

4.1 Following the consultation with all mainstream schools and academies in North Yorkshire, the Schools Forum is asked to:

a. Consider the consultation options to be endorsed by the Schools Forum in respect of:
   - The level of the minimum funding guarantee (MFG) protection for the 2027-28 financial year.
   - The methodology to be used to deal with any funding surplus or funding shortfall on the 2027-28 Schools' Block Dedicated Schools Grant (DSG) after the calculation of school budgets.
   - Proposed amendments to the notional SEN budget formula for primary schools for the 2027-28 financial year to reflect the current profile of pupils with additional SEND within the sector.

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b. To note the Local Authority position in respect of the repayment of any deficit on the Schools Block DSG as at 31 March 2027.

EL MAYHEW
Corporate Director – Children and Young People's Service

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Appendix 1

2027-28 School Funding Consultation – Additional Comments

School Type	Comment
LA Maintained	I support the maximum level of MFG protection, the distribution of any surplus funding through the Lump Sum and the proposed changes to the notional SEN budget. As a small rural school, our costs are largely fixed regardless of pupil numbers, so these measures would provide greater financial stability and help ensure we can continue to meet the needs of all pupils. We are also seeing increasing levels of SEND need and it is important that funding reflects the reality of supporting children with additional needs. Should there be a funding shortfall, I would favour an approach that protects schools with little or no funding growth and places a greater share of any reductions on those receiving the largest gains.
LA Maintained	We would welcome the opportunity for North Yorkshire Council to provide schools with clear individual-school modelling as soon as the 2027–28 National Funding Formula information is available, particularly in relation to the impact of the revised notional SEN calculation and any proposed capping and scaling arrangements.
LA Maintained	I continue to be amazed at how hard head teachers, SBMs and schools work to keep their schools going with so many outgoings and things expected of them when the right and much needed funds are not coming in. To mention a few: School having to fund autoinjectors, making up for UIFSM when the money given from the government doesn't cover the cost of a meal and the meagre funding for SEND pupils and EHCPs. We have been loosing thousands over the last few years due to topping up EHCPS for children who need 1:1 full time and would be supported and develop better with specialist provision and teaching. This is at the parents request but they are being failed as there are not places. As a village school our sparsity funding doesn't cover us for our needs. An example of how we are impacted: We have to make up thousands in order to get our children to a local leisure centre, paying £180 for a bus for half an hour and £180 per swimming sessions over 14 weeks, a legal requirement of the National Curriculum but taking funding away from other element The DFE, NYC, Government want high quality, inclusive, adapted, quality first teaching adaptations and schools are not supported not funded. It is sad and I see head teacher's leaving the profession from the pressure the DFE and the NYC are putting on us, with the expectations to work magic with such poor funding.
LA Maintained	Whilst the consultation explicitly recognises the financial vulnerability of small sparse secondary schools, similar challenges exist within the primary sector. Small rural primary schools face significant diseconomies of scale, recruitment challenges, increasing SEND demands and rising staffing costs. The current national funding framework does not fully reflect these challenges.

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Trust	Without indicative school-level allocations, it is difficult to fully understand the impact of the proposals on individual schools. We welcome the proposed changes to primary SEN funding, particularly given increasing EHCP numbers and the level of SEND need being experienced within mainstream schools.

2027-28 School Funding Consultation – Equalities Comments

School Type	Comment
LA Maintained	We broadly agree with the conclusions of the Equality Impact Assessment and welcome the positive impact that the proposed changes to the notional SEN budget are expected to have for pupils with SEND by better reflecting the increasing level of need in mainstream schools. We do not foresee any significant negative impacts on individuals with protected characteristics; however, we would encourage the local authority to continue monitoring the impact of funding decisions on small rural schools, as financial pressures can affect schools' capacity to provide inclusive support and targeted interventions for vulnerable pupils. Overall, we believe the proposals are likely to have a positive impact by helping schools meet the needs of children with additional needs more effectively.
LA Maintained	As a village school, we are potentially looked at as affluent. 52% of pupils come from out of area and are not well off. We have children and the families who are in the village and are not well off. However, funding allocated to us, doesn't give us enough to go beyond our school and limits the opportunities we can provide. The most recent removal of the PE funding will impact on us massively, which in turn will impact upon all pupils.
LA Maintained	As a small rural primary school, we remain concerned that the existing funding framework does not provide sufficient resource to consistently deliver the highest quality education that children in North Yorkshire deserve. Whilst we welcome the protection offered through the Maximum MFG and support the proposed amendments to the notional SEN calculation, there remains insufficient recognition of the disproportionately high fixed costs faced by small rural schools. We therefore support: -The maximum available MFG. -Distribution of any surplus funding through the Lump Sum factor. -The lower gains cap/lower scaling methodology should a funding shortfall arise. -The proposed increases to FSM6 and IDACI contributions within the primary notional SEN calculation. We would also encourage continued lobbying of the DfE for further reform of sparsity and rural school funding arrangements. Small rural primary schools play a vital role within their communities but continue to face significant financial pressures that are not fully reflected within the current

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	National Funding Formula. Without further recognition of these challenges, maintaining the breadth, quality and inclusivity of educational provision will become increasingly difficult. Overall, I think the strongest strategic message is not that North Yorkshire's proposals are wrong, but that even with these proposals, the underlying national funding model continues to disadvantage small rural primary schools and risks limiting their ability to provide the educational experience that children deserve
Trust	We support the proposed changes to primary SEN funding, particularly given the increasing level of SEND need within schools. We have not identified any specific negative equalities impacts, although it will be important to review this once the actual funding allocations and impact on individual schools are known.

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