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Date: 24 February 2026

Dear Colleague

Revenue Budget 2026-27

School revenue budgets for 2026-27 have been issued today via Anycomms+

The key points to note in relation to the main school funding formula for 2026-27 are:

- **The Minimum Funding Guarantee (MFG), decided by the Council's Executive following a recommendation from the North Yorkshire Schools Forum, is 0% (this is the maximum allowable MFG as per the Department for Education's (DfE) stipulated range of between -0.5% and 0%)**
- **The formula factor values are based on the DfE National Funding Formula (NFF) values.**
- **The mandatory minimum per pupil level (MPPL) funding values of £5,115 for primary schools and £6,640 for secondary schools have been applied.**
- **The school budget support grant (SBSG) and National Insurance Contribution (NICs) grant are included in the School National Funding Formula (NFF) for 2026-27; no separate grant funding will be paid for these areas in 2026-27**
- **A 0.5% funding transfer has been made from the Schools Block Dedicated Schools Grant (DSG) to the High Needs Block DSG; the funding transfer was supported by the North Yorkshire Schools Forum.**
- **A provision of £1.5m from the Schools Block DSG General Reserve has been applied to support 2026-27 school budgets within North Yorkshire**

2026-27 School Budgets

A summary of the DfE 2026-27 School National Funding Formula policy is as follows:

- The 2026-27 schools NFF will use the same factors as the 2025-26 NFF.
- The individual NFF factors for 2026-27 will operate in the same way as in 2025-26
- The mainstream school's elements of the Schools Budget Support Grant (SBSG) and the National Insurance Contribution (NICs) grant are being rolled into the 2026-27 NFF to reflect the three different ways in which schools attract funding through the NFF:

- Increasing the basic entitlement, FSM6 and the lump sum factor values for schools funded through the main formula factors (before protections);
- Increasing the minimum per pupil levels (MPPL);
- Increasing the baseline for each school, which is used to calculate funding protections for schools funded through the funding floor
- For the NICs grant, the funding rates from the respective factors in the NICs grant have been used for the respective uplifts. For the SBSG, the amounts that are added to the NFF factor values reflect the “full year equivalent” of the SBSG funding rates. This means that the SBSG funding is higher than the funding rates that were actually used for the 2025-26 SBSG, as the latter supported schools with the part-year costs of the 2025 teachers pay award.
- In addition to the rolled in grants, the following uplifts will be applied to the NFF factors for the 2026-27 financial year:
 - 2.11% increase to the basic entitlement; FSM6 values and the lump sum factors.
 - 2.11% increase applied to the IDACI, low prior attainment (LPA), English as an Additional Language (EAL), mobility, sparsity and split sites factors.
 - 1.66% uplift has been applied to the FSM factor in the NFF, in line with inflation forecasts – as of the GDP deflator forecast of March 2025
- Through the 2026-27 Minimum Per Pupil Level (MPPL) funding levels incorporate the rolled in SBSG and NICs Grant funding, but no further percentage uplift has been applied to the minimum per pupil funding levels for 2026-27.
- When setting their local formulae, local authorities must set the MFG between minus 0.5% and 0%.

Notional SEN Budgets

The DfE NFF guidance requires local authorities to keep under review the calculation of their schools' notional SEN budgets to ensure that they are both proportionate to the costs and prevalence of pupils on SEN Support and that they meet additional support costs up to £6,000 per pupil of those with more complex needs. North Yorkshire Council undertook a significant review of the notional SEN budget calculation and consulted schools on a number of proposed changes in the 2024/25 financial year. The resultant changes implemented sought to:

- better reflect the notional SEN budget funding requirements within North Yorkshire schools and academies,
- align to the average notional SEN budget funding levels and funding formula factor weightings of other local authorities with similar characteristics to North Yorkshire,
- reflect the operating context and diversity of schools and academies within North Yorkshire; and
- ensure compliance with the DfE validation check that a LA's total notional SEN budget provides schools with a certain amount per pupil identified as on SEN support, having deducted £6,000 per pupil with an EHC plan.

The changes to the notional SEN budget calculation resulted in the notional SEN budget funding quantum within school budgets increasing from £31.07m in 2023-24 to £47.70m for the 2024/25 financial year. Analysis has been undertaken to consider the notional SEN budget funding requirement for the numbers of pupils within the SEN support category and the number of pupils attracting element 3 top-up funding to the school through an EHCP in North Yorkshire, based on the October 2024 census data against the 2025-26 notional SEN funding budget allocation. That analysis highlighted that based on the latest 2024-25 pupil data, the 2025-26 notional SEN budget allocation broadly reflects the estimated notional SEN funding requirement within North Yorkshire. In this respect it was not considered necessary to review the notional SEN budget funding formula calculation for the 2026-27 financial year. The funding formula calculation will be reviewed annually to ensure that it continues to reflect the levels of pupils with SEN requirements in mainstream schools within North Yorkshire.

Sparsity Funding

The Local Authority remains concerned around the significant financial challenges faced by small, rural secondary schools within North Yorkshire and is disappointed by the lack of response from the DfE in relation to this issue. The LA will continue to rigorously lobby DfE and local MPs for greater funding recognition of the operational pressures faced by these schools.

As a continued interim measure, the LA has received approval from the DfE to include in the North Yorkshire school funding formula an exceptional circumstance lump sum of £50,000 for very small, sparse, secondary schools that meet the following criteria:

- pupils in years 10 and 11
- 350 pupils or fewer
- a sparsity distance of 5 miles or more

Whilst no schools are eligible to receive this additional lump sum funding in the 2026-27 financial year, the LA considers it important to ensure that provision for the allocation of this funding is maintained in the event of any future requirement.

Business Rates

NYC participates in the DfE central payment process whereby schools' business rates are paid directly by the DfE to billing authorities on behalf of schools. Schools retain formal liability for paying business rates, but the DfE acts as a paying agent on their behalf. Schools are still required to make provision for the rates charge within their budgets.

High Needs Funding

North Yorkshire continues to experience significant challenges in ensuring that the high needs budget can operate on a sustainable basis. A significant projected deficit is forecast for 2025-26; latest projections indicate that an in-year projected deficit which, if confirmed, will increase the accumulated deficit to c.£26m by 31st March 2026. For the 2026-27 financial year, current projections suggest an in-year deficit of c.£11m and an accumulated deficit of c. £37m by 31 March 2027.

The 2026-27 High Needs DSG allocation received from the DfE is "cash flat" after the after accounting for the "rolling in" of grants previously allocated outside of the DSG. No inflationary funding increase has been provided by the DfE on the 2026-27 High Needs DSG funding compared to the 2025-26 financial year.

The local authority has adopted a transformational approach to high needs identifying mitigating actions to reduce the growth of the financial pressure. This includes the co-production of an ordinarily available mainstream framework to systemically support pupils with additional needs to access local, mainstream provision. Improvements to SEN administration, assessment and co-ordination have been progressed with improvements in timeliness of assessment with further intent to introduce digital EHCPs to support more efficient and streamlined processes. The local authority has, over a number of years, expanded specialist provision both within special schools and through targeted mainstream provision. New special schools are planned for Selby and Northallerton whilst the local authority has completed significant capital developments at Welburn Hall School, Skipton, Harrogate and Springwater. The mitigating actions appear to be consistent with information from the DfE, although the planned announcement of DfE reforms have been delayed from Autumn 2025 into "early 2026".

In recognition of the continued significant High Needs funding challenges, the North Yorkshire Schools supported a 0.5% funding transfer from the Schools Block DSG to the High Needs Block DSG. The impact of the funding block transfer on school budgets for the 2026-27 financial year has been mitigated by the use of Schools Block DSG General Reserve Funding, as approved by the Schools Forum.

The transfer of funding will support the implementation of the mitigations currently identified by the local authority to address cost pressures in a more sustainable way – particularly through (i) embedding the ordinarily available inclusion framework (ii) supporting locality boards to pilot and/or develop local inclusive

approaches relevant to their locality. The local authority high needs transformation themes also include further development of targeted mainstream provision. The funding transfer supports the continuation of these services and developments against a background of the significant funding pressures on High Needs budget and the wider local authority.

The High Needs financial challenges continue to reflect the rate of increase in the number of children and young people assessed as requiring an EHCP, and the particularly significant rates of growth that have been experienced through the course of recent years.

The High Needs funding allocations are outlined in the table below. The banded funding allocation reflects costs incurred beyond the Element 1 and Element 2 funding allocation. The 2026-27 banded values have been increased by 2% and are as follows:

	Funding Rates 2026-27
Band 3	£0
Band 4	£1,890
Band 5	£4,160
Band 6	£6,000
Band 7	£9,170
Band 8	£10,960
Band 9	£15,200
Band 10	Bespoke

High Needs funding statements are available to mainstream schools via the Anycomms+ system

De-Delegated Funding

The North Yorkshire Schools Forum approved the de-delegation of the following services for the 2026-27 financial year:

	£k	£/pupil
Schools in Financial Difficulty – Schools Causing Concern Contingency Only	211	£7.51
Trade Union Services	125	£4.46
School Improvement – Core Service	638	Lump Sum £3,360/School + £2.47/primary pupil & £3.00 / secondary pupil

De-Delegation to Fund Schools in Financial Difficulty & Unreasonable School Expenditure

In consideration of the cost pressures being faced by schools, the Schools' Forum have again agreed that the Schools in Financial Difficulty De-Delegated Funding Reserve and Unreasonable School Expenditure Reserve will be utilised for the 2026-27 financial year to provide any required contingency funding, including to support School Redundancy Costs Contribution from de-delegated funding and any funding awards from the Schools in Financial Difficulty fund. The use of reserves to fund these contingency budgets has been agreed for the 2026-27 financial year only. Schools are advised to consider planning for a return to previous levels of de-delegation for Schools in Financial Difficulty (£12.83/pupil) and Unreasonable School Expenditure (£1.39/pupil) for the 2027-28 financial year onwards.

De-Delegation to Fund the Provision of Core School Improvement Activities

The DfE fully removed the LA School Improvement Monitoring & Brokering Grant in the 2023-24 financial year. The DfE also made provision within the School and Early Years Finance (England) Regulations to allow local authorities to fund all of their school improvement activity (including all core school improvement activities) via de-delegation from schools' budget shares. The Schools' Forum have approved the continuation of the previously agreed de-delegation methodology and an increase of 2.5% on the values used in the 2025-26 financial year for the de-delegation of funding from school budgets to fund the delivery of the core statutory school improvement service for the LA maintained primary and secondary schools within North Yorkshire for the 2026-27 financial year.

Schools will need to make provision within their 2026-27 Start Budget for the £3,360 lump sum + £2.47/primary pupil and £3.00/secondary pupil cost of the de-delegation of funding for the provision of core school improvement activities.

Central Schools Services Block (CSSB)

This Central School Services funding block covers services that are not delegated school responsibilities. These services support LA-maintained schools and academies alike. The local authority has decided not to top-slice school budgets to fund any central services for LA-maintained schools – although this is allowed under regulations.

The following services are funded from the CSSB:

- Strategic Management Costs, including planning for the education service as a whole
- Revenue budget preparation, monitoring, internal and external audit, funding to schools
- Consultation costs
- Plans involving other LA services
- SACRE
- School attendance and exclusion issues
- Employment of children
- Capital programme
- Landlord responsibilities
- School Admissions
- Places in independent schools (non-SEN)
- Servicing of Schools Forum
- Back-pay for equal pay claims
- Contribution to combined budgets

Early Years Funding

In the 2023 Spring Budget, the Government announced the expansion of free early education and childcare entitlements for working parents and additional investment to support the expansion programme from April 2024. Funded education and childcare entitlement for working parents has been expanded as follows:

- From April 2024, working parents of 2-year-olds will be able to access 15 hours of free childcare per week (38 weeks a year).
- From September 2024 this will be extended to working parents of 9 month to 3-year-olds.
- From September 2025 working parents of 9 month to 3-year-olds will be able to access 30 free hours per week (38 weeks a year).

On 15th December 2025, the DfE published details of the 2026-27 local authority early years entitlements funding. The Government funding announcement detailed the following:

- Confirmation of an increased minimum pass-through requirement for local authorities in 2026-27 – the minimum pass-through rate will increase from 96% to 97%
- Confirmation that the 28 February deadline, by which local authorities must announce their funding rates to childcare providers, is now a statutory requirement
- Information on changes to the eligibility criteria for the special educational needs inclusion fund (SENIF)
- Funding provided through the 2025-26 early years national insurance contributions and teachers' pay grant (EYNTPG) has been rolled into the national average funding rate for 3 and 4-year-olds, 2-year-olds and 9 months to 2-years-old.
- The introduction of a termly funding system to fund **all** the early years entitlements on termly census headcounts for the 2026-27 financial year, as is already operational for the working parents' entitlements for 2-year-olds and under. The DfE are also revising the allocation profile of the number of funded weeks each term.

2026-27 Provider Base Funding Rates

A principle-based early years funding consultation was undertaken with the early years sector within North Yorkshire in Autumn 2025. Early years providers responding to the consultation supported the following principles being applied to develop the 2026-27 early years provider base funding rates:

- The local authority funding retention rate for the provision of centrally managed service provision for early years is approx. 3% for all funded entitlements
- The funding for the Early Years Special Educational Needs Inclusion Fund (SENIF) is provided from the Early Years Dedicated Schools Grant (DSG) Block (approximately 2% of local authority funding rate for all funded entitlements)
- There is a single provider base funding rate for the 2-year-old entitlements for families in receipt of additional support and working parents.

The following early years provider base funding rates have been approved by the Council's Executive Members (Children and Young People's Service) for the 2026-27 financial year:

Entitlement	2026-27 Base Provider Funding Rate Per Hour	Percentage Increase from 2025-26 Rate	<i>2025-26 Base Provider Funding Rate Per Hour</i>
3 & 4-Year-Olds – Universal & Working Parent Entitlements	£5.84	8.96%	£5.36
2-Year-Olds – Families Receiving Additional Support & Working Parent Entitlements	£7.66	4.93%	£7.30
Under 2-Year-Olds – Working Parent Entitlement	£10.41	5.05%	£9.91

Deprivation Funding Supplement

The deprivation funding supplement is paid for all early years funded entitlements based on the hours attended by the child and a banding using the postcode of the child attending the setting. The methodology used by North Yorkshire is based on the Index of Multiple Deprivation (IMD). The IMD combines information from seven domain indices (which measure different types or dimensions of deprivation) to produce an overall

relative measure of deprivation. The deprivation funding methodology and funding rates for all early years' funded entitlements for the 2026-27 financial year are unchanged from 2025-26, as follows:

Band	2026-27 Deprivation Hourly Funding Rate	IMD Score
Band A	54p	>34.17
Band B	7p	>20 <34.17
Band C	4p	>10 <20

Early Years Special Educational Needs Inclusion Fund

The Local Authority is required to provide a Special Educational Needs Inclusion Fund (SENIF) which is intended to support providers in addressing the needs of children with lower or emerging levels of SEND. The SENIF funding covers early years children of all age groups accessing funded entitlements. The SENIF is funded from the Early Years Funding allocation.

2026-27 Other Early Years Funding Elements

The national funding levels received from the DfE for the other early years funding elements for 2026-27 are as follows:

	2026-27 Funding Rate	<i>2025-26 Funding Rate</i>	<i>Percentage Increase</i>
Early Years Pupil Premium hourly funding rate for eligible children (maximum of 15 hours per week)	£1.15	£1.00	15%
Disability Access Funding (annual rate)	£975	£938	3.9%

The 2026-27 Early Years Indicative Budget calculator can be found at: [Indicative Funding Budget Calculator 2627.xlsx](#)

2026-27 School Staff Pay Costs

At this stage, staff pay awards for the 2026-27 financial year are still to be confirmed.

In respect of the Government evidence to the School Teachers' Review Body (STRB), the DfE stated "*the department's view is that a 6.5% pay award over 2026/27, 2027/28 and 2028/29 would be appropriate, with the level of awards weighted towards the latter part of the remit. This would support schools to manage the challenging affordability position in FY 2026/27, which has resulted from the significant pay uplift in AY 2025/26, preceded by a substantial pay uplift in 2024/25. A weighting towards higher awards in 2027/28 and 2028/29 would give schools a longer timeframe to plan for changes to their operations, provisions or staffing*"

The triennial valuation has been undertaken for the North Yorkshire Pension Fund. The results from the valuation have determined that a reduction in the employers' contribution rate can be made from 18.1% to 15.1% for the 2026-27 financial year. This change will impact on the school support staff pay costs charged to school budgets.

Preparation of your School's Start Budget

In preparing your 2026-27 Start Budget and future financial forecasts, schools are advised to consider the following:

- The impact of pay award and inflationary pressures on budget projections.
- The impact of forecast pupil number changes on budget projections
- The requirement for schools to repay any accumulated budget deficits.

Your FMS Support Officer will be able to provide advice and assistance in preparing your 2026-27 Start Budget and future financial forecast. If you are in the position where you are considering setting a budget for 2026-27 with a cumulative revenue deficit, please be aware that this will require approval, which will be conditional upon the receipt of an appropriate recovery plan.

The North Yorkshire Scheme for Financing Schools requires School Start Budgets to be submitted to the Local Authority by the 20th May each financial year. In this respect, **please ensure that your 2026-27 Start Budget has been approved by Governors and is submitted to the Local Authority by 20th May 2026.**

If you require any clarification or advice about how your school budget has been calculated please contact the Finance Enquiry Service by completing the on line form available at <https://wa5.northyorks.gov.uk/eforms/fes/preReg>

Yours sincerely



Howard Emmett
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Appendix 1

Additional Information – 2026-27 Budget Allocations

Budget Statements

Part 1 – this shows the following:

- your delegated budget, detailed by each funding factor.
- the amount calculated by the funding formula before MFG is applied
- your funding allocation net of MFG
- de-delegated funding and which activities this is funding
- the amount of delegated funding which relates to Element 2 (notional SEN budget)
- the ORACLE codes for the delegated funding and de-delegated amounts

It does not include Element 3 High Needs Funding, Early Years Funding or Sixth Form Funding.

Part 2 – this shows how the MFG has been calculated.

Part 3 – Pupil Premium indicative allocation to follow once the 2026-27 funding rates are published by the DfE

Element 3 Top up funding for individual pupils with an EHCP/Statement will be issued as a separate document via Anycomms+.

2026-27 Early Years indicative budget calculator can be found at: [Indicative Funding Budget Calculator 2627.xlsx](#)

Other Information

Pupil Premium

Pupil Premium is based on the October census.

In 2026-27 schools will receive £1,550 (Primary Schools) and £1,100 (Secondary Schools) funding for each pupil registered as eligible for free school meals at any point in the last 6 years.

The Service Premium of £360 payable per eligible pupil, if they meet one or more of the following criteria:

- one of their parents is serving in the regular armed forces (including pupils with a parent who is on full commitment as part of the full time reserve service, and also pupils whose parent is serving in the armed forces of another nation and is formally stationed in England) – and they are recorded in the October school census as being a ‘service child’.
- they have been registered as a ‘service child’ on any school census in the last six years
- one of their parents died whilst serving in the armed forces and the pupil receives a pension under the Armed Forces Compensation Scheme or the War Pensions Scheme

Schools will receive £2,690 Looked After Children Premium for each pupil who:

- has been adopted from care; or
- has left care under:
 - a special guardianship order
 - a child arrangement order (previously known as a residence order)

The Looked After Children (LAC) Premium is managed by the Head of the Virtual School and schools will receive funding for each child who has been looked after for 1 day or more. Further information can be found in the ELAC Virtual School Guide for Schools. Any looked after child attracting the premium, will not be eligible to receive the FSM element as well. If you have any looked after children on roll that are the responsibility of another LA, the funding will come from the home LA rather than NYC.

Initial allocations have been calculated as follows:

- Free School Meals Ever 6, Service Pupil Ever 6 and Post LAC are based on the October 2024 census multiplied by the unit rate for the 2026-27 financial year. **These figures will be adjusted later in the summer term once the October 2025 pupil premium data is made available by the DfE.**
- No data is included for Looked After Children, which will continue to be a termly allocation.

Early Years Funding

Early Years funding is based on each term's headcount. An indicative budget calculator has been provided to support schools with early years provision in forecasting their early years funding allocations for the 2026-27 financial year. Schools are required to enter their estimated total weekly funded hours for each age category of early years provision into the calculator for each term within the financial year in order to forecast their early years indicative budget for 2026-27. The initial funding for each term will be based on the estimated hours provided by the school to the LA Early Years Team for the term; the initial termly funding will be updated to reflect the actual hours recorded on the headcount for the term. In this respect, to receive initial monthly funding payments each term, **schools are reminded that they must submit an estimate of the total weekly funded hours for each early years funded entitlement category prior to the start of the term.** The estimated hours will be adjusted to reflect actual funded hours, as recorded on the termly provider headcount submission, with an associated adjustment to the termly payment balance. The Early Years Funding Team will provide guidance and request the submission of estimates via an on-line form prior to the start of each term.

Schools with early years pupils on the school roll are reminded that they must ensure that their termly school census submission to the DfE matches their termly headcount submission made via the Synergy system to the Local Authority Schools Early Years Funding Team. Any discrepancies may result in a loss of funding for the school.

For the 2026-2027 financial year, the funding paid to local authorities by the DfE for all of the early years' funded entitlements will be based entirely on the free entitlement hours recorded on the termly census / headcount data. In order to mitigate any impact on base provider funding rates and to ensure overall affordability of the early years funding allocation, the circumstances where providers can be paid in respect of "After Headcount Adjustments" is required to be limited. From 1 April 2026 (Summer 2026), after headcount funding will only be able to be claimed for children who have moved into North Yorkshire between the headcount deadline date for the funded term and the after-headcount deadline date for the funded term, and the child has not accessed a funded place at another early years' provider within North Yorkshire in the funded term. Providers will be required to provide evidence of the date that the parents moved into North Yorkshire to support any after headcount claim.

Children eligible for the Early Years Pupil Premium will attract funding of £1.15 per hour up to a maximum of 15 hours per week; this funding will be paid towards the end of each term.

Rent Funding

The restrictions imposed by the DfE mean that it is not possible to provide all schools with funding to match the costs they incur on unavoidable rent expenditure. The rules only allow the LA to fund schools where the rent funding equates to more than 1% of their delegated budget and the LA can only fund above 1% if it does not exceed 5% of schools in the local authority. For any school that meets the criteria, their rent funding will show on Part 1 under item 11.

Other Funding Streams

The following grants are anticipated for the 2026-27 financial year:

Primary PE & Sport Premium
Universal Infant Free School Meals

In June 2025, the government announced that, starting from September 2026, free school meals (FSM) will be extended to all children in households receiving Universal Credit. For 2026-27, the DfE confirmed that they were not proposing any changes to the schools NFF to allocate funding for this expansion of FSM. Instead, the funding needed for the FSM expansion will be provided through a separate grant. At this stage, details in respect of the separate are still to be received from the DfE.

At this stage, the DfE have not yet confirmed the arrangements for the Teacher's Pension Scheme Employer Contribution Grant (2026-27 Academic Year) for School Sixth Form Provision