



NORTH YORKSHIRE COUNCIL

2027-2028 SCHOOL FUNDING A CONSULTATION PAPER

25 September 2026

Deadline for responses: Friday, 23 October 2026 (5.00pm)

1.0 Summary

1.1 This consultation paper sets out the latest position from the Department for Education (DfE) and the North Yorkshire Council local authority with regard to school funding for 2027-28. At this time, the DfE have not yet published school funding information for the 2027-28 financial year. In this respect, in order to ensure that 2027-28 school budgets can be published within the required timescales, North Yorkshire Council is undertaking a **principle-based** school funding consultation. The consultation seeks the views of primary and secondary schools and academies to inform the following key decisions:

- 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 2026-2027 financial year and the 2027-2028 financial year.
- The methodology to be used to deal with any funding surplus or shortfall on the 2027-2028 schools' block Dedicated Schools Grant (DSG) after the calculation of school budgets at National Funding Formula (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, 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%

1.2 A separate consultation will be undertaken with special schools and academies on the level of the special school MFG for 2027-28.

1.3 The views of schools and academies provided through this consultation will be fed back to the North Yorkshire Schools Forum on 19 November 2026. This consultation will begin on 25 September 2026 and will close on 23 October 2026.

2.0 North Yorkshire Council 2027-28 School Funding Consultation

2.1 The principle-based 2027-28 school funding consultation considers the following issues:

- The level of the Minimum Funding Guarantee (MFG) funding protection. This is one of the mechanisms that determine the change in per pupil funding levels that a school can experience from year to year. The level of the MFG ensures a guaranteed level of change in per pupil funding levels at individual school level when compared to the previous financial year. In this respect, a higher MFG supports those schools where the NFF provides a lower percentage increase in funding per pupil than the guaranteed minimum when compared to funding levels in the previous financial year. In recent years the DfE have set the percentage parameters in which local authorities are required to set the local MFG level; for the 2026-2027 financial year this was between minus 0.5% and 0%.

- The methodology which will be used in the event of any surplus or shortfall in funding on the Schools Block DSG after the calculation of school funding formula allocations using the NFF values, as determined by the DfE.
 - In the event of surplus funding being available, consideration is given to whether this should be distributed through the Age Weighted Pupil Unit (AWPU) funding or the Lump Sum funding.
 - In the event of a funding shortfall, the DfE allow local authorities to use a “capping and scaling” process where the funding requirement of school budgets is greater than the available Schools Block DSG funding. 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 e.g. where 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. $(3\% + (2\% \times 75\%) = 4.5\%)$).

Generally, the use of a lower gains capping percentage and a lower scaling back of gains percentage results in the recovery of funding impacting on a higher number of schools, but the level of the reduction on funding gains is lower. The use of a higher gains capping percentage and a higher scaling back of gains percentage results in the recovery of funding impacting on a lower number of schools but the level of funding reduction above the gains cap level is higher.

- The calculation of the notional SEN budget. The notional SEN budget is not a budget that is separate from a school’s overall budget. It is an identified amount within a maintained school’s delegated budget share or an academy’s GAG. The budget is intended as a guide for a school’s spending decisions and is neither a target, nor a constraint, on a school’s duty to use its ‘best endeavours’ to secure special provision for its pupils with SEN. Although this is an indicative amount, the DfE identify that it is important that it is sufficient for the reasonable additional costs that may be incurred by schools.
- The Schools Forum have approved the proposed mitigation in respect of the use of any unallocated 2027-28 NFF Growth Funding to support cost pressures on the 2027-28 Schools Block DSG, including the agreed repayment of any funding shortfall on the 2026-27 Schools Block. Any remaining funding shortfall amount, after accounting for this financial support, will need to be managed through capping and scaling.

2.2 The school funding consultation for the 2027-28 financial year is principle-based due to the DfE publication of the 2027-28 school funding information later in Autumn 2027. In this respect it is not possible to provide indicative funding implications at individual school level. Schools are requested to provide an “in principle” view on the 2027-2028 school funding considerations in relation to:

- the level of the Minimum Funding Guarantee (MFG)
- the management of funding variances
- the notional SEN budget funding formula

This consultation requests mainstream schools and academies within North Yorkshire to provide their views on the following options:

1. Level of the 2027-28 Minimum Funding Guarantee (MFG)

Option	MFG %
1	DfE Minimum Level MFG
2	DfE Maximum Level MFG

2. The preferred option for the methodology to be used for the allocation to school budgets should any surplus funding be available after the calculation of school budgets for 2027-28 using National Funding Formula rates.

Option	Preferred Methodology
1	Any surplus funding distributed by Age Weighted Pupil Unit (AWPU)
2	Any surplus funding distributed by Lump Sum

3. The preferred option for the capping and scaling methodology to be used should there be a funding shortfall after the calculation of school budgets for 2027-28 using National Funding Formula rates.

Option	Preferred Methodology
1	A lower gains cap percentage and a lower scaling back of gains percentage
2	A higher gains cap percentage and a higher scaling back of gains percentage

4. Support for the proposed amendment to the notional SEN budget calculation for primary schools for the 2027-28 financial year 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%

The Equalities Impact Assessment related to the proposals contained within this consultation is provided in **Appendix 1** to this document.

The proposals detailed above are included in the on-line response to this consultation that can be found at: <https://survey.northyorks.gov.uk/t/1V6UW3/>

Your response needs to be submitted by: 5.00pm on Friday, 23 October 2026.

Sections 3 – 9 below of this document provide further detail of the 2027-28 School Funding proposals for schools and academies within North Yorkshire for the 2027-28 financial year.

3.0 Background

- 3.1 The DfE have confirmed that the 2027-28 Dedicated Schools Grant (DSG) funding information will be published Autumn 2026. The DfE have also confirmed that the local authority disapplication and block transfer request processes will continue to operate for the 2027-28 financial year. In the absence of the detailed school funding information, and in order to ensure 2027-28 school budgets can be published within the required timescales, North Yorkshire Council is undertaking a principle-based school funding consultation.
- 3.2 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 £4m. The DfE have indicated that some relief may be available against anticipated high needs deficits in 2026-27 and 2027-28 but at the time of writing this document, there is no detail on what those arrangements might be. Furthermore, there are no details on high needs funding arrangements from April 2028.
- 3.3 The local funding formula within North Yorkshire for the 2026-27 financial year included the following key points in terms of the calculation methodology used:
- A MFG of 0% (the maximum allowable MFG as per the DfE stipulated range of between - 0.5% and 0%)
 - Funding formula factor values 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 provision of 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
 - The provision of an exceptional circumstance funding formula factor to provide funding for those schools where property rental is essential for the delivery of statutory educational provision and where the rental cost is greater than 1% of the school's delegated budget.
 - A 0.5% funding transfer from the Schools Block Dedicated Schools Grant (DSG) to the High Needs Block DSG.
 - The utilisation of £1.5m from the Schools Block DSG General Reserve to support 2026-27 school budgets within North Yorkshire.
- 3.4 North Yorkshire Council is not proposing to transfer funding from the Schools Block DSG to the High Needs Block DSG for the 2027-28 financial year.

4.0 2027-28 North Yorkshire School Funding Consultation

- 4.1 The Government allow local authorities to locally set the MFG level within certain percentage parameters. In the 2026-27 financial year this was between minus 0.5% and 0% per pupil; the North Yorkshire Council level was set at the maximum level of 0%. The MFG is one of the mechanisms that determine the change in per pupil funding levels that a school can experience from year to year. The level of the MFG ensures a guaranteed level of change in per pupil funding levels at individual school level when compared to the previous financial year. In this

respect, a higher MFG supports those schools where the NFF provides a lower percentage increase in funding per pupil than the guaranteed minimum when compared to funding levels in the previous financial year.

The school funding consultation seeks views as to whether the DfE minimum or maximum MFG level should be implemented for 2027-28

- 4.2 Whilst the increased level of sparsity funding over recent years is welcomed, the financial challenges faced by small rural secondary schools in North Yorkshire continues to be a significant concern. The DfE have provided no commitment as to when the sparsity funding levels within the NFF will be reviewed for these establishments. As a continued interim measure, the North Yorkshire Schools Forum has approved the LA proposal to apply to the DfE to continue to provide the exceptional circumstance funding of £50,000 for 2027-28 for very small sparse secondary schools, which would otherwise be unable to attract sufficient funding to remain viable. Local authorities can only make an application for this where schools have:

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

- 4.3 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. Over recent years the local authority has encountered both positions where there has been a surplus funding position with additional funding been required to be allocated to school budgets and there been funding shortfalls where the Schools Block General Reserve has been utilised to support the shortfall. The local authority needs to ensure that consideration is given to how any final funding surplus or shortfall is managed.

Funding surplus: consideration needs to be given as to how any funding surplus will be distributed. The proposed options are by an addition to the lump sum or to the age weighted pupil unit (AWPU) value. Schools are asked to provide an in-principle view on the allocation methodology to be used, if required.

Funding shortfall: The North Yorkshire Schools Forum have approved the proposed mitigation in respect of the use of any unallocated 2027-28 NFF Growth Funding to support cost pressures on the 2027-28 Schools Block DSG, including the agreed repayment of any funding shortfall on the 2026-27 Schools Block. Any funding shortfall in excess of this funding support will need to be managed through the use of the DfE approved mechanism of capping and scaling funding gains on school budgets. The general principles of capping and scaling are as follows:

- 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 e.g. where 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. $(3\% + (2\% \times 75\%)) = 4.5\%$).
- The funding levels of schools subject to Minimum Funding Guarantee (MFG) and Minimum Per Pupil Level (MPPL) funding levels are protected under a capping and scaling arrangement.

- The impact of the capping and scaling methodology is generally as follows:
 - 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 and there is 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 school funding consultation seeks views on the mechanism to be used to manage any surplus funding or funding shortfall in excess of the additional funding support available after the calculation of school budgets for the 2027-28 financial year.

5.0 Notional SEN Budget

- 5.1 The **Children and Families Act 2014** secures the general presumption in law that children and young people with SEN should be educated in mainstream education settings. The **SEND code of practice**, which is statutory guidance to which schools must have regard, sets out mainstream schools' current legal duties in relation to their pupils with SEN. Those duties include that schools must use their best endeavours to secure that the special educational provision called for by a pupil's special educational needs is made.
- 5.2 Mainstream maintained schools and academies are notified each year of a clearly identified but notional SEN budget, within their overall budget allocation. Schools should use this SEN budget towards the costs of fulfilling their duty to use their 'best endeavours' to secure that special educational provision for their pupils with SEN is made'. Local authorities are responsible for calculating the amount of the notional SEN budget using funds from the schools' block DSG with reference to the local mainstream schools funding formula factors. The notional SEN budget is not a budget that is separate from a school's overall budget. It is an identified amount within a maintained school's delegated budget share or an academy's GAG. The budget is intended as a guide for a school's spending decisions and is neither a target, nor a constraint, on a school's duty to use its 'best endeavours' to secure special provision for its pupils with SEN. It should be noted that the notional SEN budget is not intended to provide £6,000 for every pupil with SEN, as in many instances pupils' support will cost less than this amount.
- 5.3 The DfE recommend that local authorities undertake an annual review of the notional SEN budget calculation to ensure that the notional SEN budget funding provision for a local authority broadly reflects the funding requirement for the budget based on the numbers of pupils identified as having additional SEN support requirements within the authority. The DfE also undertake a validation check of the notional SEN budget provision for a local authority.
- 5.4 North Yorkshire Council undertook a significant review of the notional SEN budget calculation in 2024-2025 and consulted schools on a number of proposed changes. 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 undertaken, respectively, for the 2025-26 and 2026-27 financial years indicated that no changes were required to the notional SEN budget calculation for those years.

- 5.5 The annual review process 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 2025 census data and the 2026-27 notional SEN funding budget allocation. The results from the review are detailed below:

North Yorkshire – Notional SEN Budget 2026-27 Funding Review		
Total Number of Pupils on SEN Support	10,437	
SEN Support Pupils - Total Estimated Funding Requirement from the Notional SEN Budget based on DfE average cost assumptions		£36,529,500
Total Number of Pupils with an EHCP	2,855	
EHCP Pupils – Total Funding Requirement from the Notional SEN Budget based on Element 2 maximum funding value		£17,130,000
Total Notional SEN Budget Funding Requirement for SEN Support Pupils and EHCP Pupils		£53,659,500
2026-2027 Notional SEN Budget Funding Allocation		£51,963,768
Variance Notional SEN Budget Funding Allocation v Notional SEN Budget Funding Requirement		-£1,695,732

- 5.5 The analysis highlights that based on the latest 2025-26 pupil data, there is a shortfall of £1.7m between the 2026-27 notional SEN budget allocation and the estimated notional SEN funding requirement within North Yorkshire. The corresponding analysis undertaken at this point last year indicated a small deficit position of £424k. The key data change relates to the number of EHCP pupils which has increased from 2,312 pupils in October 2024 to 2,855 pupils in October 2025 (an increase of 350 pupils in the primary sector and 193 pupils in the secondary sector). The number of pupils on SEN support remained broadly similar at 10,406 in October 2024 and

10,437 pupils in October 2025 (the number of primary pupils on SEN support increased by 115 pupils, the number of secondary pupils on SEN support reduced by 84 pupils).

- 5.6 Further analysis of the notional SEN budget funding requirement between the primary and secondary sectors is detailed in the table below:

	Primary	Secondary	Total
2025-26 Total Number of Pupils on SEN Support	6071	4366	10437
SEN Support Funding Requirement Per SEN Support Pupil from the Notional SEN Budget (based on DfE assumption of £3,500 per pupil)	£21,248,500	£15,281,000	£36,529,500
2025-26 Total Number of Mainstream Pupils with an EHCP	1574	1281	2855
EHCP Pupils – Total Funding Requirement from the Notional SEN Budget (£6,000 per pupil)	£9,444,000	£7,686,000	£17,130,000
Total Notional SEN Budget Funding Requirement for SEN Support Pupils and EHCP Pupils	£30,692,500	£22,967,000	£53,659,500
2026-27 Notional SEN Budget Funding Allocation	£28,300,996	£23,662,772	£51,963,768
Variance Notional SEN Budget Funding Allocation v Notional SEN Budget Funding Requirement	-£2,391,504	£695,772	-£1,695,732

- 5.7 A comparison has been undertaken of the funding formula factors and factor weightings used within the North Yorkshire local school notional SEN budget funding formula to those used by other local authorities nationally and those used by other similar local authorities. The results are outlined in the table below:

Formula Factor	North Yorkshire Use & Weighting	LA National Average Use & Weighting	Similar LA Average Use & Weighting
Primary Basic Entitlement (AWPU)	5.20%	3.50%	3.13%
KS3 Basic Entitlement (AWPU)	3.50%	3.24%	3.00%
KS4 Basic Entitlement (AWPU)	3.50%	3.21%	2.99%
FSM	0% (P)	28.52% (P)	28.88% (P)
	0% (S)	28.60% (S)	28.34% (S)
FSM6	30.00% (P)	42.21% (P)	45.19% (P)
	30.00% (S)	41.49% (S)	44.26% (S)

IDACI	20.00% (P)	39.77% (P)	50.27% (P)
	20.00% (S)	38.38% (S)	49.59% (S)
EAL	0.00% (P)	13.65% (P)	11.79% (P)
	0.00% (S)	13.67% (S)	11.79% (S)
Mobility	30.00% (P)	13.23% (P)	8.43% (P)
	30.00% (S)	13.02% (S)	8.43% (S)
Prior Attainment	100.00% (P)	90.90% (P)	97.31% (P)
	100.00% (S)	90.46% (S)	96.93% (S)
Lump Sum	5.20% (P)	1.72% (P)	1.74% (P)
	3.50% (S)	1.57% (S)	1.69% (S)
Sparsity	0.00% (P)	0.75% (P)	2.05% (P)
	0.00% (S)	0.41% (S)	0.21% (S)
Exceptional Circumstance	3.50%	1.08%	1.71%
MPPL	0.00%	4.57%	6.29%
MFG	0.00%	1.71%	0.21%

5.8 A comparison has been undertaken of the average notional SEN budget per pupil (based on overall pupil population) for the current North Yorkshire local school funding formula to the average notional SEN budget per pupil (based on overall pupil population) for other local authorities nationally and that of other similar local authorities. The results are detailed in the table below:

	Notional SEN Budget - Average Funding Per Pupil*		
	North Yorkshire	LA National	Similar LA
Notional Average SEN Budget Per Pupil	£722.31	£838.99	£752.55

*Data source: DfE 2026-27 school budget submissions

5.9 In order to ensure that the notional SEN budget calculation for primary schools is reflective of the current profile of pupils with additional SEND within the sector, the following amendments are proposed to the notional SEN budget calculation formula for the 2027-28 financial year:

- 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%

The proposed amendment seeks to:

- Reflect the DfE expectation that a larger part of deprivation funding, reflecting the higher prevalence of lower-level SEN amongst disadvantaged pupils, is included in the notional SEN funding calculation
- Reflect the approach taken by other similar local authorities in respect of the use of the FSM6 and IDACI funding formula factors for the allocation of notional SEN funding

Based on the 2026-27 notional SEN funding allocation, the proposed amendments to the formula would increase the funding attributable to the primary notional SEN funding allocation by £2.74m. Based on the funding requirement calculated using the latest SEN data, this would provide a small surplus of £359k on the SEN notional funding requirement.

No changes are proposed for the secondary school notional SEN funding formula for the 2027-28 financial year.

The school funding consultation seeks views on the proposed change to the notional SEN budget funding calculation for the 2027-28 financial year.

6.0 Equalities Impact Assessment

The Equalities Impact Assessment related to the proposals contained within this consultation is provided in Appendix 1 to this document.

7.0 Next Steps

- 7.1 The proposals detailed above are included in the on-line response to this consultation which can be found at: <https://survey.northyorks.gov.uk/t/1V6UW3/>
- 7.2 **Your response needs to be submitted by: 5.00pm on Friday, 23 October 2026**
- 7.3 The results of this consultation will be presented to members of the North Yorkshire Schools Forum for recommendations to be considered at its meeting on 19 November 2026. Schools will be notified of the provisional outcome of this by mid-December. The final decision will be made by the Council's Executive in January 2027; any decision will take into account recommendations from Schools Forum.
- 7.4 The DfE release the data needed to calculate next year's budget in mid-December. We aim to publish primary and secondary school budgets by mid-February.

Accompanying Appendices

Appendix 1: Equalities Impact Assessment