

UPDATE: GRANT FUNDING & OTHER RING-FENCED FUNDING

Overview

The purpose of this briefing note is to provide an update on recent Department for Education (DfE) announcements in relation to a number of Government grants received by schools. The update also provides a reminder of the requirements associated with the operation of the grants and ring-fenced funding.

The briefing note covers the following grant and funding areas:

- PE and Sport Premium – grant ceasing in the 2026-27 academic year
- Free School Meals Expansion Grant – new grant
- Universal Infant Free School Meals (UIFSM) – grant funding rate change
- Inclusive Mainstream Fund – new grant
- Pupil Premium – eligibility update and reminder
- Education, Health and Care Plan (EHCP) Funding – good practice reminder

Please contact the Schools & Early Years Finance Team if you have any questions on the content of this update. Email: schoolsfinanceteam@northyorks.gov.uk

PE and Sport Premium

On the 21 May 2026 the DfE announced that **the PE and Sport Premium will cease in the 2026-27 academic year, with transitional funding (expected value equivalent to one term's funding) to be paid for the 2026-27 academic year.** A new PE and School Sport Partnership will be operational from Spring 2027. The DfE plan for a national delivery partner to work alongside national governing bodies to provide a mixture of universal and targeted support to schools, based on their needs, to directly tackle the activity divide between boys and girls, and disadvantaged pupils and their peers. The targeted support could include expert and quality assured coaches, top-up swimming lessons and increased extra-curricular opportunities. The universal offer will make online training available to all schools, on demand.

The new partnerships model will see dedicated PE support extend to secondary school pupils – a key age group which has seen a marked drop in physical activity levels.

Further guidance on the details on the transitional PE and Sport Premium funding for the 2026-27 are still to be published by the DfE.

In preparation for the ceasing of the PE and Sport Premium in the 2026-27 academic year, schools are strongly advised to:

Identify how the current PE & Sport Premium Grant Funding is being used:

- Continuing professional development (CPD)
- Expertise from coaches and external organisations
- Transport costs for top-up swimming, extra-curricular and competitive activities
- Targeted activities / support e.g. active breaktimes, additional support for least active children

Consider:

- **The potential requirement to fund activities from the core school budget or cease the activity**
- **The contract arrangements, and associated notice periods, for external organisations delivering activities funded by the PE & Sport Premium. If a terms' notice is required to end the contract, the school will need to give notice on the contract before the end of the Summer 2026 term if it wishes to cease the activity as at 31 December 2026.**
- **Any contracted employees delivering activities funded by the PE & Sport Premium. If the school wishes to cease the delivery of these activities, appropriate HR advice should be sought on the process required in relation to the staff roles.**

Reporting

Schools are reminded that they must complete the DfE digital expenditure reporting return (accessed via [DfE Sign-in](#)) at the end of the 2025-26 academic year which outlines:

- how the school has used the PE and Sport Premium funding
- the impact the spending has had on achieving the aims and objectives of the funding

Governing boards should review, scrutinise, and confirm the funding has been used appropriately, before submission by the deadline.

The PE and sport premium digital expenditure reporting return opened for schools on Friday 26 June 2026.

The 2025-26 DfE digital expenditure reporting return must be submitted by 5pm on Wednesday 30 September 2026.

As part of the conditions of grant for the PE and Sport Premium funding, schools must publish a report detailing how they have spent the PE and sport premium funding allocation on their website, by 31 July 2026. The completed DfE digital expenditure reporting return can be downloaded and used for this purpose.

Further information of the PE and Sport Premium can be found at: [PE and sport premium guidance for primary schools - GOV.UK](#)

Free School Meals Expansion Grant

In June 2025, the DfE announced that, from the 2026-2027 academic year, the eligibility criteria for free school meals (FSM) in England will be expanded to all children in households receiving Universal Credit.

Additional funding will be allocated through the free school meals expansion grant for the period from September 2026 to March 2027. This is to help with the additional costs of free meals in the following settings:

- mainstream schools – for pupils from reception to key stage 4
- maintained special schools
- special academies and free schools
- non-maintained special schools
- alternative provision (AP) schools

It is anticipated that the free school meals expansion grant funding for the 2026-27 financial year will be paid to schools in February 2027.

Further details on the operation of the Free School Meals Expansion Grant can be found at: [Free school meals expansion grant: 2026 to 2027 - GOV.UK](#)

In addition, the DfE will allocate funding to local authorities, through the **early years free school meals (EYFSM) expansion grant**. The EYFSM expansion grant will provide funding to state-funded schools delivering early years provision, **where the children attending are registered pupils of the school**. The local authority is required to develop a distribution methodology for the EYFSM expansion grant. Further details of North Yorkshire Council distribution methodology will be provided in due course.

Further details of the EYFSM expansion grant can be found at: [Early years free school meals \(EYFSM\) expansion grant: 2026 to 2027 - GOV.UK](#)

Information in respect of the funding for free school meals for post 16 students can be found at: [Free meals in further education funded institutions guide: academic year 2026 to 2027 - GOV.UK](#)

Universal Infant Free School Meals (UIFSM)

The DfE have confirmed that the meal funding rate for UIFSM will increase from £2.61 to £2.66 for each meal taken by an eligible pupil for the 2026-27 academic year.

From the start of the 2026-2027 academic year, all children from households in receipt of Universal Credit will be entitled to receive a free school meal. As more children become eligible for free school meals through the expansion of eligibility, schools will receive additional funding through the FSM expansion grant (as detailed above). This will include funding for newly eligible infants benefitting from expanded FSM, who previously attracted funding through UIFSM. To ensure that infants becoming eligible under the FSM expansion do not also attract funding through the UIFSM grant, the DfE are adjusting the calculation for UIFSM provisional allocations covering September 2026 to March 2027. This means the provisional payment will be 20% lower than it would have been without the FSM expansion. Final UIFSM payments for the September 2026 to March 2027 period will be reconciled in June 2027. Adjustments will be made as needed to ensure each school receives the correct amount overall. Schools should not experience any overall funding reduction as a result of this adjustment, with the funding for the eligible infants being received through the FSM expansion grant rather than the UIFSM grant funding.

Inclusive Mainstream Fund

Alongside schools' core funding allocations, including their notional SEN budget, the inclusive mainstream fund will support the transition towards a reformed education system that is inclusive by design, in line with [SEND reform: putting children and young people first \(HTML version\)](#).

Schools should use the inclusive mainstream fund to plan, prepare and embed evidence-informed approaches and activities to build an inclusive core offer for children and young people with special educational needs and disabilities (SEND). This should be used to identify and meet commonly occurring, predictable needs within their cohorts and take meaningful steps to become inclusive by design.

Schools must develop and publish an inclusion strategy. An inclusion strategy is a plan to use their overall school funding allocation to identify and meet the needs of their cohort and make meaningful steps to embed inclusive practice. This activity is funded by their core funding allocations, including their notional SEN budget calculated and communicated by the local authority, as well as the inclusive mainstream fund for schools.

Schools must publish their inclusion strategy statement by 31 December 2026

Further information on the inclusive mainstream fund for schools can be found at: [Inclusive mainstream fund for schools: methodology 2026 to 2027 - GOV.UK](#)

The inclusive mainstream grant funding allocation for 2026-27 will be paid to schools on the July 2026 Oracle print.

In addition, the DfE are providing additional early years funding in 2026-27 to support the early years sector to become more inclusive of children with special educational needs and disabilities (SEND); this funding is provided through the **inclusive early years fund 2026-27**. North Yorkshire Council has developed an allocation methodology for the distribution of this grant funding. Early years' settings, including school-based provision, identified as eligible to receive funding were notified of their indicative grant funding allocations by e-mail on 28 May 2026 (please note, not all schools delivering early years provision early years provision are eligible to receive a funding allocation as the DfE recommended distribution methodology (adopted by North Yorkshire Council) required a de-minimis funding allocation of £1,000).

Further information on the **inclusive early years fund 2026-27** can be found at: [Inclusive early years fund: 2026 to 2027 - GOV.UK](#)

Information on **the inclusive mainstream fund for 16 to 19 providers** can be found at: [Inclusive mainstream fund for 16 to 19 providers: methodology 2026 to 2027 - GOV.UK](#)

Pupil Premium

The pupil premium grant provides funding to improve educational outcomes for disadvantaged pupils in state-funded schools in England.

Schools are reminded that they must show how they are using their pupil premium effectively:

- by publishing a statement on their website each academic year using the DfE template
- through Ofsted inspections - inspectors may discuss plans schools have to spend their pupil premium
- through scrutiny of pupil premium plans by governors. The governing body minutes need to evidence monitoring of the deployment of the pupil premium grant funding and the associated pupil outcomes.

Whilst North Yorkshire Council undertakes an annual free school meal auto-enrolment process to identify where families are eligible to receive free school meals but have not applied for them, schools are requested to continue to encourage families to apply for free school meals through the standard North Yorkshire Council application process; details of the process can be found at: [Free school meals | North Yorkshire Council](#). This will ensure that the level of pupil premium funding received by a school is maximised.

Implications of the free school meals expansion on pupil premium

From the start of the 2026-2027 academic year, the DfE is delivering an expansion to FSM eligibility to include all pupils from households in receipt of Universal Credit. There will then be two categories of FSM:

- Targeted FSM, which continues to be based on the existing £7,400 household income threshold
- Expanded FSM, which will apply to meals only, covering pupils who do not qualify for Targeted FSM, but who are in households in receipt of Universal Credit

Following the expansion of FSM, only pupils eligible for Targeted FSM will be part of the Ever 6 FSM cohort. This means that pupils who become eligible for FSM for the first time through the new Expanded FSM category will not attract pupil premium funding.

Pupils who were eligible for FSM before the expansion will continue to be part of the Ever 6 FSM cohort after the expansion. That includes any pupil whose household income increases after the expansion, such

that they either lose FSM eligibility altogether or become eligible for FSM through Expanded FSM. Such pupils will remain part of the Ever 6 FSM cohort for 6 years.

Further information on Pupil Premium funding can be found at: [Pupil premium: overview - GOV.UK](#)

Education, Health and Care Plan Funding

Schools are reminded that DfE guidance requires that **Education, Health and Care Plan (EHCP) funding** (also known as **top-up funding**) must be used exclusively to provide the specific, personalised support and resources named in a child's statutory plan. In order to evidence that this requirement is being met it is good practice for schools to maintain a costed provision map which details the specific additional support a child is receiving and the cost of that provision.