

To: The Chair of Governors and Headteachers of all Lincolnshire maintained schools and academies

22 October 2025

Dear colleague

## **Mainstream Schools Funding 2026/27**

### **Lincolnshire County Council's consultation with all maintained schools and academies**

This consultation sets out the Council's school funding proposals for mainstream maintained schools and academies relating to 2026/27. At this current time, the Department for Education (DfE) has not published detailed school funding information, including allocations for 2026/27. Local Authorities have been informed that the National Funding Formula (NFF) allocations and supporting documentation will be published at some point in the autumn term due to the Comprehensive Spending Review concluding in June 2025. The DfE has provided an outline of the schools NFF arrangements for 2026/27, which confirmed that the key components of the NFF will continue to remain in place.

[Schools national funding formula \(NFF\) summary policy document for 2026 to 2027 - GOV.UK](#)

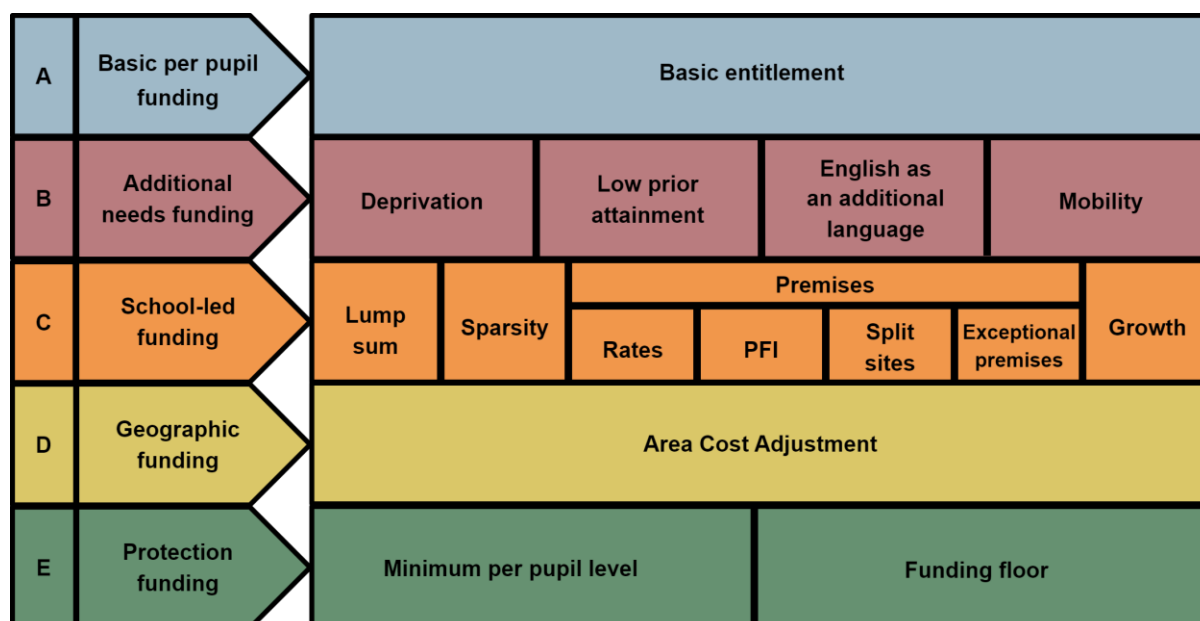
Local Authorities will continue to be responsible for deciding local funding formulae for mainstream schools within the DfE's funding framework. In order to ensure that 2026/27 schools budgets can be published within the required timescales, the Council is undertaking a schools funding consultation that focuses on the principles of the funding formula. The Council is also seeking school views of a transfer of 0.5% funding from the Dedicated Schools Grant (DSG) Schools Block to the High Needs Block budget for the 2026/27 financial year – this is to support a continuation of the 2025/26 additional investment in supporting high needs initiatives, which was the first year of such a decision.

The consultation seeks the views of primary and secondary maintained schools and academies and the wider schools sector to inform the following decisions for 2026/27:

- The approach to managing an affordability gap when adopting the mainstream schools NFF.
- The level of the Minimum Funding Guarantee (MFG) protection a school receives in per pupil funding from one year to the next.
- Annual approval of the primary rents factor.
- A transfer of 0.5% funding from the Dedicated Schools Grant (DSG) Schools Block to the High Needs Block budget for the 2026/27 financial year to continue investing in high needs initiatives to secure better outcomes for SEND pupils through more cost-effective solutions, to alleviate the scale of the potential deficit caused by high needs spending.

## 2026/27 National Funding Formula (NFF) arrangements

The 2026/27 schools NFF will continue to use the same factors as the 2025/26 NFF:



A key change for 2026/27 is rolling in of certain grants to the NFF. This includes the employer National Insurance contributions (NICs) grant and Schools Budget Support Grant (SBSG) that schools have received separately during 2025/26. The NICs grant will be rolled in by adding the equivalent cash amounts to the following formula factors: primary, key stage 3 and key stage 4 per pupil funding factors, the primary and secondary Free School Meals (FSMs) Ever 6 factors and the lump sum, along with adding cash amounts to the Minimum Per Pupil Funding Level (MPPFL) for primary, key stage 3 and key stage 4, and ensuring schools baselines are uplifted for the proceeding grants for calculating the Minimum Funding Guarantee (MFG).

The SBSG will be rolled into the 2026/27 funding arrangements based on the higher full year equivalent allocation. The 2025/26 funding levels represented the full-year cost of the support staff pay award and seven months cost of the 2025 teachers' pay award (from September 2025), hence the SBSG monetary values for 2026/27 being uplifted to reflect the full-year cost of the teachers' pay award. The same formula factors will be used in the rolling of the SBSG into the NFF for 2026/27.

The DfE has also confirmed schools will receive additional funding through a separate grant (outside of the 2026/27 NFF arrangements) to help support the extra costs from extending Free School Meals (FSMs) to include all children in households receiving universal credit from the start of the academic year 2026/27. The extended entitlement only applies to meals. Schools will however not attract additional Pupil Premium funding or NFF deprivation, since this is based on the existing free school meals entitlement.

The additional grants for schools in response to the employer national insurance changes and funding to partly fund the pay awards is welcomed, although the schools fiscal funding policy remains tight with the Government setting school efficiency targets. A spending review period has been established for schools from 2026/27 with a real terms growth of 1.1% a year per pupil, which is intended to provide improved financial certainty with further details expected to be published in the autumn. From the 2023/24 Consistent Financial Reporting and the Academies Account Returns, Lincolnshire schools are in a strong financial position to respond to future challenges.

The funding levels that both mainstream maintained schools and academies receive will be determined by Lincolnshire's local formulae. Of the 152 Local Authorities in England, 127 have set all their formula factors in their local formulae within 2.5% of the NFF values during 2025/26 – this includes Lincolnshire. For the purposes of the DfE's tightening criteria to move all Local Authorities to the direct NFF (DfE direction of travel), local factor values within 2.5% of the respective NFF values are deemed to be mirroring the NFF, this means that Local Authorities such as Lincolnshire can establish their NFF values anywhere within the +/- 2.5% range.

### **Consultation questions**

The consultation questions are detailed below along with supporting background information to assist schools with responding to the questions. The link for submitting consultation responses can be found at the end of the consultation document. The consultation closing date is **5pm on Friday 14 November 2025** and the outcomes of the consultation will be considered at the Schools' Forum meeting on the 27 November 2025.

### **Affordability**

The Council's policy decision remains to continue adopting the Government's NFF in 2026/27, subject to affordability. Affordability arises due to the Government's application of lagged funding arrangements for Local Authority Schools block funding for pupil-led factors. By way as an example, for 2025/26, the DfE uses the October 2023 schools census pupil characteristics for Local Authority funding, however the Local Authority is required to fund mainstream schools 2025/26 budgets using the latest schools census (October 2024). Lincolnshire has seen significant growth in both FSMs and FSMs Ever 6 over the years, firstly from the pandemic and latterly with the cost-of-living challenges, which has caused these affordability gaps. Local Authorities are required to set an affordable local formulae.

The Council makes its best endeavours to fund the NFF in full for schools through firstly considering a movement of available budget from the Schools Growth Fund. This involves the Council reviewing the financial commitments for planned primary and secondary reorganisations in accordance with local policies against the Government's formulaic allocation, with remaining monies re-allocated through the schools NFF. Any remaining shortfall is addressed through a downward deduction in the Key Stage Age Weighted Pupil Unit (AWPU) values. The Council consider a sector-wide solution to be the preferred and fairest approach in Lincolnshire to manage the final affordability gap of the NFF, since the impact at an individual school level is low. In 2025/26, a -0.361% downward adjustment to the AWPU values were made from the Government NFF rates to address the affordability gap (or on average per school 0.15% below the Government's NFF levels). The Minimum Per Pupil Funding Levels (MPPFL) and Minimum Funding Guarantee (MFG) still remain in place within the formula to provide protection to schools. Lincolnshire also remains compliant with the DfE tightening of all formula factors being within 2.5% of the NFF values.

**Question:** Where affordability is an issue in adopting the mainstream schools National Funding Formula (NFF) in 2026/27, do you support Lincolnshire's current approach to making a downward adjustment to the Key Stage Age Weighted Pupil Unit (AWPU) values across the sector?

Yes / No

Where the responder would prefer an alternative approach, please specify your preference:

- Reduce the Minimum Funding Guarantee (MFG) from +0.0% to -0.5%. The MFG is to protect schools from excessive year-on-year changes in per pupil funding. Please note, a change to the MFG factor to -0.5% would have only reduced funding requirements by £0.293m in 2025/26. A further option would still likely be required.
- Apply a gains cap percentage and scaling methodology for gaining schools. 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. For example, 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.  $(3\% + (2\% \times 75\%) = 4.5\%)$ ).
- Other.

### **Minimum Funding Guarantee (MFG)**

The Council is required to set a Minimum Funding Guarantee (MFG) per pupil between -0.5% and +0.0% against the schools existing per pupil baseline. The MFG is a funding protection mechanism that determines the change in per pupil funding levels that a school can experience from year to year, therefore preventing schools from having a significant downward shift in funding and supporting a schools financial stability and planning. Schools in receipt of MFG may be as a result of previous funding changes (through the introduction of the NFF) or pupil characteristic movements.

All schools 2025/26 funding baselines will be re-stated to include grant funding rolling into the NFF for 2026/27 to ensure a like-for-like comparison is made.

**Question:** The Council adopted a +0.0% Minimum Funding Guarantee (MFG) value to ensure no Lincolnshire school will see a reduction in its pupil-led funding value. Do you agree with adopting the DfE +0.0% MFG in 2026/27?

Yes (+0.0%) – DfE maximum level

No (-0.5%) – DfE minimum level

### **Primary Rents Factor**

Local Authorities can request the inclusion of additional factors in their formula for exceptional circumstances. The DfE may approve additional factors in cases where the nature of the school premises gives rise to 'significant additional costs greater than 1% of the school's budget, and where such costs affect fewer than 5% of the schools (including academies) in the area'.

A number of Lincolnshire primary schools are financially disadvantaged compared to other similar schools due to paying rents for ground and school buildings on the schools' site and playing fields. The Council consider the primary rents factor to be fundamental to ensuring equity and fairness in funding across its schools. The table below provides examples of schools currently in receipt of primary rents funding:

School	NoR	Rents Factor	Percentage of Funding
School A	123	£16,569	2.45%
School B	54	£15,606	3.47%
School C	92	£14,574	2.37%

The primary rents factor has been an agreed formula factor within Lincolnshire's NFF since 2018/19, and Lincolnshire will receive funding at the 2025/26 rents funding level in 2026/27 through the premise factor allocation within the DSG Schools block.

The Council is now required to apply to the DfE on an annual basis through the disapplication process for the inclusion of the primary schools rents factor within the NFF.

**Question:** Do you agree that the Council should continue to include a primary school rents factor within its local formulae for 2026/27?

Yes / No

### High Needs block

There continues to be an increasing number of Local Authorities who are incurring a deficit on their overall Dedicated Schools Grant (DSG), largely with the High Needs block being the contributing factor. The County Council's Network forecast that by March 2026 nationally the size of DSG deficits will be almost £6bn due to Special Educational Needs and Disabilities (SEND) pressures, which shows the scale of the pressures facing Local Authorities. Government funding has also increased significantly over that period but has been unable to keep pace with the level of spending.

The DfE recognise the unsustainable pressures Local Authorities are facing because of their DSG pressures. The SEND and Alternative Provision (AP) Improvement Plan Right Support, Right Place, Right Time (published in March 2023) had been the mechanism for implementing change, however with the growing high needs spending, the Government has announced that reforms will be outlined in a Schools White Paper to be published in the new year, which is intended to reform SEND system and improve pupil outcomes. This is to support a more inclusive system that delivers better outcomes for all children and young people. The reforms will also outline how the Government will work with Local Authorities to manage their SEND deficits. It is unclear whether the DfE's existing programmes offering direct support in respect of the effectiveness and sustainability of Local Authorities high needs systems will be replaced. The aim of all the previous programmes was to secure sustainable management of Local Authorities High Needs blocks through rapid reform with demand management of Education Health Care (EHC) plans and use of appropriate and cost-effective provision.

The Government has confirmed an extension of the statutory override on the DSG until the end of the 2027/28 financial year - previously it had set to expire in March 2026. This override prevents Local Authorities from offsetting DSG deficits against their general Council funds. The DSG deficits are held in a separate reserve within the Local Authorities accounts and must carry forward the full amount of any DSG overspend into future years. The overspends are likely to continue to increase over the period of the override being extended, as the rising demand for SEND support continues to outstrip the funding available, which is a concern to Local Government finances.

Like nationally, Lincolnshire has seen significant growth in demand with more young people requiring specialist support, including an increased need for specialist placements, whereby mainstream

schools are unable to meet need. This surge reflects both demographic changes and increased awareness of SEND needs, but it poses a challenge in terms of capacity and resources. This is all having a material financial impact on High Needs block spending. The High Needs Block of the DSG incurred a significant deficit (£16.918m) in 2024/25 leaving only £0.484m available in the DSG reserve. This is even allowing for the careful management of the DSG, a focus on early intervention and transformation, and a prior strong financial position compared to many other Local Authorities. Whilst mitigations continue to be put in place, the structural deficit remains in 2025/26 (forecasting a £26.414m overspend on the High Needs block), therefore Lincolnshire's DSG will go into a structural deficit for the first time in 2025/26.

The Council is currently reviewing the trend data and mitigations to refine the current year forecasting, and this will support the medium-term financial planning update for High Needs block spending. Continuing as we are is no longer an option with EHC plans forecast to grow to over 11,000 and High Needs spending to be over £240m (unmitigated actions) by 2027/28, hence the continued importance of investing in high needs initiatives and continued careful management of the DSG, which is being driven by large, demand-led activities. For context, the High Needs block funding for 2025/26 is £141m.

In Lincolnshire, transformational work is still considered fundamental to securing further improved outcomes for young people with SEND through a truly integrated approach, whilst also securing an offer for Lincolnshire that is financially sustainable. Lincolnshire's Inclusive Ambition which incorporates a system ambition aims to ensure that the majority of children with SEND can fulfil their potential in mainstream settings where practitioners are clear how to meet their needs and the right support is available to do so at an early stage.

The Better Belongings SEND and AP Sufficiency Strategy that is shortly going through the Council decision-making process is underpinned by the principle of **Better Belonging** - where every child should feel respected, included, and optimistic about their future, supported to learn and grow within their local community.

Difficult decisions are required going forward on all aspects of High Needs spending. To support Lincolnshire in working towards achieving a balanced sustainable budget and improved value for money, the Schools' Forum supported the 0.5% Schools block transfer to the High Needs block in 2025/26 to provide additional investment in initiatives to alleviate the scale of the potential deficit caused by the high needs spending. Early indications are that this is delivering positive outcomes for Lincolnshire, including the rolling out of mainstream SEND hubs, strengthening the Council's mainstream SEND offer which is specifically designed and resourced to meet their specific needs in the local community.

The Council will be seeking the support of the schools sector for the 0.5% Schools block transfer to the High Needs block in 2026/27 to support the continued investment in high needs initiatives. Schools block transfers require an annual decision to be taken. These include the following:

- SEND workforce development: provides a continuation into the learning / training platform for schools staff in meeting the needs of children and young people with SEND. During 2025/26, four additional modules have been uploaded and usage continues to increase across the County.
- Pupil re-integration capacity and funding to schools: additional staff in place with a focus on supporting pupils to transition from Alternative Provision, special school or Interim Home Tuition back to mainstream via Lincolnshire's Transition Protocol.
- Transitional funding: The transition funding is a key element within Lincolnshire's Transition Protocol, providing funding during the period of dual registrations that enables clear, robust,

meaningful and proactive support to be in place as part of the transition plan. This is maximising the opportunities for successful outcomes and the key focus of a successful transition.

- Behaviour support: next wave of support for secondary schools to proactively meet the behavioural needs of their pupils.
- Inclusion Quality and Effective team: to support Lincolnshire's strategic vision and aims of children and young people educated in their local community, access to effective early intervention, delivering value for money, and high levels of better belonging in mainstream.
- Enhanced resource-based hubs funding: new mainstream SEND hubs will increase SEND places in mainstream settings and strengthen the Council's mainstream SEND offer through the creation of hubs to support pupils in their local communities which is specifically designed and resourced to meet their specific needs. The Better Belongings SEND and AP Sufficiency Strategy will ensure increased provision through capital investment across the mainstream and specialist education sector for those with additional needs, such as mainstream SEND and AP hubs. An additional 40 SEND Hubs (400 places) per annum over the next 3 years would create an additional 1,200 places, thereby reducing the sufficiency demand (2,366) by 50.72%.

Detailed analysis of projection data, informed by local area SEND data dashboards has identified the demand for further provision across certain areas of the county over the next three years. These developments will:

- Reduce reliance on long-distance placements and high-cost independent provision.
- Expand localised capacity through a tiered model of provision so children and young people are educated in their local communities
- Embed inclusive practice across mainstream settings to foster a greater sense of belonging
- Reduction in demand for long-distance home to school transport journeys as more children and young people are educated in their local communities
- Effect the Council's drive towards financial sustainability of the local area SEND system.

Given the significance of the levels of concern of high needs spending, at both local and national level, the Council consider the 0.5% Schools block transfer to the High Needs block to be necessary to secure better outcomes for SEND pupils by supporting the majority of children with SEND to fulfil their potential in mainstream settings, which will also deliver more cost-effective solutions. The Council must continue to act to minimise the overspend on the DSG. This approach reflects the shared responsibility for high needs across the stakeholders within the sector.

Without such measures proposed, spending will escalate in future financial years (to over £240m (unmitigated actions) by 2027/28) if the present demands continue (increase in the number of EHC plans; increase in the number of pupils requiring specialist placements; over-reliance on the independent sector for specialist placements (c.566) and the material cost involved (c.£0.072m per place), since special schools are full even allowing for the significant place expansion project; high levels of exclusions) leaving a substantial DSG overspend. It is therefore important that the Council working with schools and other key stakeholders bring about change that secures a financially sustainable solution for Lincolnshire's high needs spending and the taxpayer.

Using 2025/26 financial modelling for illustration purposes, a 0.5% Schools block transfer would result in an AWPU reduction of 2.24% following the application of the funding protections through the Government's MFG and Minimum Per Pupil Funding Levels (MPPFL). This would equate to c.£72 per pupil for Key Stages 1 and 2; c.£102 per pupil for Key Stage 3 and c.£115 per pupil for Key Stage 4. This decision would only relate to 2026/27, and any future Schools block transfer would require annual consultation with schools.

## Schools Block Transfer

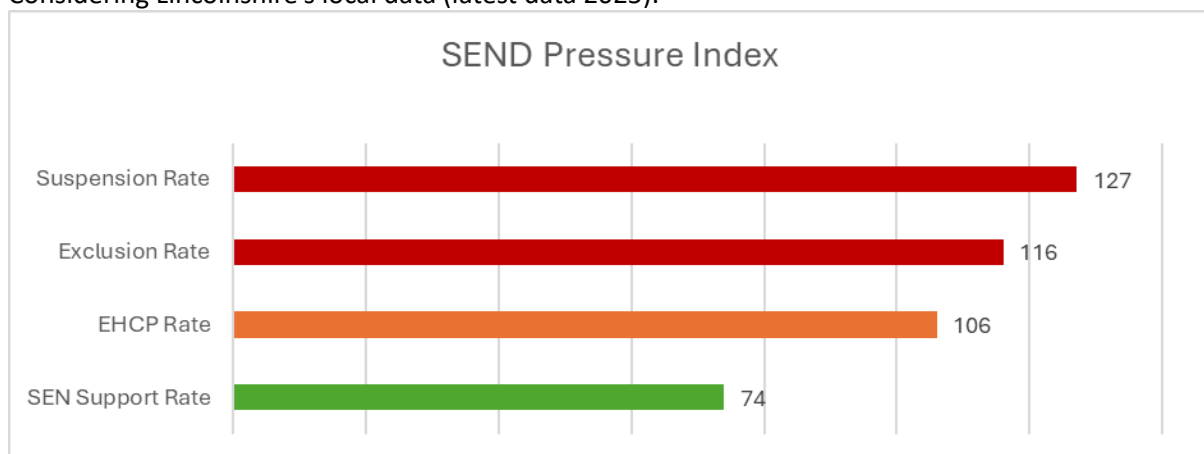
**Question:** Do you support the proposal to transfer 0.5% of the Schools block to the High Needs Block budget for the 2026/27 financial year to assist the delivery of a more effective and financial sustainable system?

Yes / No

## SEND and AP local Context

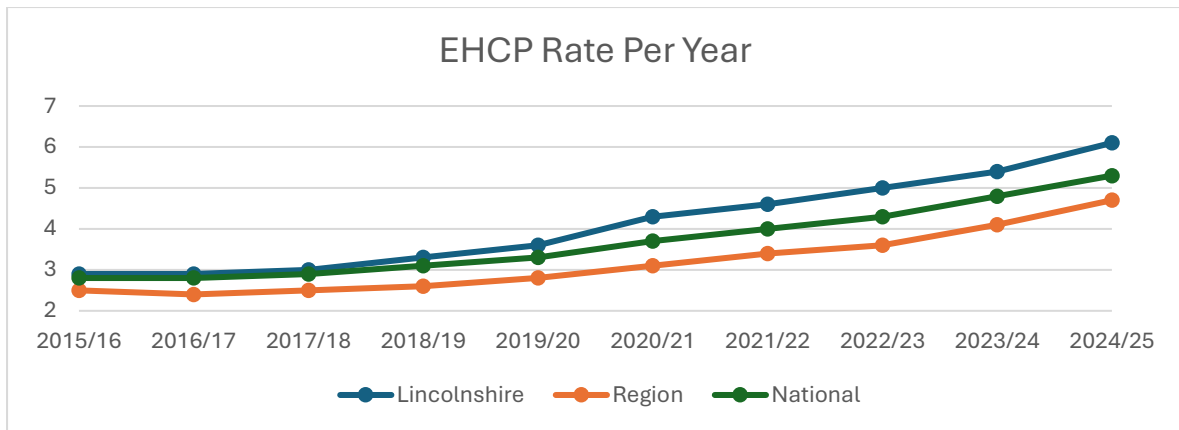
Local transformational work will continue to take place including the implementation of the Better Belongings SEND and AP Sufficiency Strategy development to support more cost effective SEND solutions. It is important to recognise the local transformational work that has taken place, which has positively rolled out many workstreams benefiting the sector, such as the digital Valuing SEND Toolkit which helps settings to develop a single, rounded picture of the needs of children and support they require to succeed and prosper, this complements the Inclusion Toolkit; the Local Offer was re-launched; Workforce Development; Ask SALL Lincolnshire's advice service; multi-disciplinary panel; transitions protocol, and the significant capital investment (over £100m) in supporting special schools to meet all-complex needs and increasing the special schools estate by 500 places. Fundamentally however, the SEND system requires national reform, which will be set out in the Schools White Paper.

Considering Lincolnshire's local data (latest data 2025):



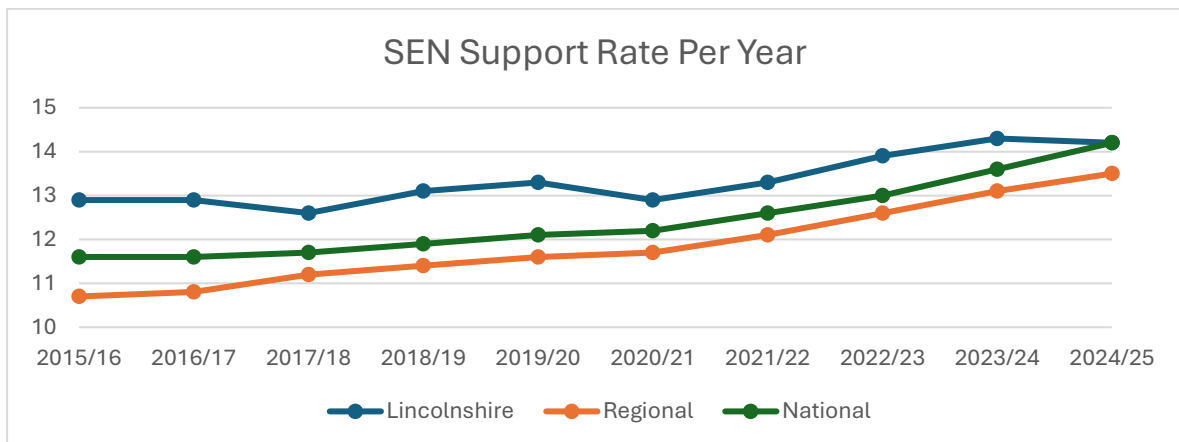
Lincolnshire continues to rank high on these key metrics nationally, which the number of exclusions (prior year rank: 112) and EHC plans (prior year rank: 111) as the two key cost drivers influencing the high spending levels. Lincolnshire also ranks high amongst County Council comparisons. The suspensions and exclusions data are representative of annual data from 2023/24, and EHC plan and SEN support are annual data from 2024/25. The local permanent exclusions data 2024/25 has seen a 7% decrease, which is a positive sign.





Lincolnshire's EHC plan rate is 6.1% of the school population in 2025 (5.2% in 2024), which is 15% higher than national and 30% higher than the regional average. The EHC plan growth rate increased by 9% from the prior year, adding further pressure to the system. Overall, Lincolnshire is 106<sup>th</sup> highest ranked among Local Authorities for EHC plans (above median category).

EHC Needs Assessment requests have increased from 1,258 in 2022 to 1,957 in 2024, with 1,418 already received in 2025 - 72% of last year's total. This reflects a 36% rise from 2022 to 2023, a further 14% increase in 2024, and ongoing growth in 2025.



Lincolnshire's SEN support rate is 14.2% of the school population in 2025, remaining the same as the previous year and in line with the national rate (previously 6% higher than national). The SEN support growth rate increased by 2% from the prior year. Overall, Lincolnshire is 74<sup>th</sup> highest ranked for SEN support, representing a significant shift from the previous year's ranking of 104.

Demand for AP is dictated by the local rate of permanent exclusions. The table below shows the number of exclusions as a proportion of the overall school population.

Rate of Permanent Exclusions and Suspensions										
	2019/20		2020/21		2021/22		2022/23		2023/24	
	PEX	Susp	PEX	Susp	PEX	Susp	PEX	Susp	PEX	Susp
<b>Lincolnshire</b>	0.05	3.47	0.07	3.94	0.08	7.68	0.15	12.27	0.19	16.10
<b>England</b>	0.06	3.76	0.05	4.25	0.08	6.91	0.11	9.33	0.13	11.31
<b>East Midlands</b>	0.06	3.65	0.05	4.40	0.07	7.59	0.12	10.69	0.15	13.44

In 2023/24 Lincolnshire saw a further increase in the number of exclusions that schools were issuing; 8.4% increase following an 89.9% increase in 2022/23. Lincolnshire continued to be higher than the national and regional rates of permanent exclusions and suspensions, indicating that Lincolnshire schools were continuing to resort to issuing exclusions as a way of managing behaviour.

The Council has continued to work closely with school leaders and settings to support the changed landscape and challenges they were reporting, for example the Behaviour Support Review, the Transition Team and the Quality and Effectiveness Team. The local data shows that in 2024/25 there was a 7% decrease in the issuing of permanent exclusions.

### Conclusion

Lincolnshire's desire still remains to achieve a balanced sustainable budget on its High Needs block ensuring funding is directed to the right activities and cost-effective provision to maximise the outcomes for young people with SEND.

Difficult decisions are required going forward on all aspects of High Needs spending. To support Lincolnshire in working towards achieving a balanced sustainable budget, the Better Belongings SEND and AP Strategy and the additional investment through the 0.5% Schools block transfer are necessary to support Lincolnshire secure better outcomes for SEND pupils through more cost-effective solutions, which will enable the Council work towards delivering a sustainable high needs budget. The Schools Block transfer reflects the shared responsibility for high needs across the stakeholders within the sector.

The Schools White Paper which will be published in the new year plans to reform the SEND system – this may fundamentally change the SEND landscape.

Link to the MS Forms consultation response platform:

[Lincolnshire - Mainstream School Funding Consultation 2026/27 - response platform](#)

The closing date of the consultation by 5pm on Friday 14 November 2025 to enable consideration to be made by the Schools' Forum.

The results of this consultation will be presented to members of Lincolnshire's Schools' Forum on the 27 November 2025, for their consideration and support. Executive Councillor decision will be made in Spring 2026 to ensure the schools budgets are published by the end of February 2026.

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We will only use the information you provide, for the purposes of this consultation and to discuss your survey responses if follow-up is necessary. We will only ask you to provide the minimum amount of information we need in order to do this.

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We will only keep your information for as long as is necessary, and in line with our [retention schedules](#).

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