



NORTH YORKSHIRE SCHOOLS FORUM

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| Date of meeting: | Thursday 21 November 2024 |
| Title of report: | 2025-26 School Funding: De-Delegation – Contingency Budgets |
| Type of report: Delete as required | For decision |
| Executive summary: Including reason for submission | The report details the LA proposals for the de-delegated contingency budgets for the 2025-26 financial year and the estimated reserves position for these budgets. The report also provides an overview of the use of de-delegated funding in relation to Schools in Financial Difficulty and Unreasonable School Expenditure Contingencies. |
| Budget / Risk implications: | Potential risk to services and resources for schools funded from de-delegated funding from April 2025 |
| Recommendations: | As detailed in Section 5 in relation to voting the proposals for the continued de-delegation of the Schools in Financial Difficulty – Schools Causing Concern element. It is proposed to use reserves to fund the requirements in relation to Schools in Financial Difficulty – Financial Awards and School Redundancy Costs Contribution elements and Unreasonable School Expenditure for the 2025-26 financial year |
| Voting requirements: | De-delegation: LA maintained primary and secondary schools only (in relevant phase) |
| Appendices: | N/A |
| Report originator and contact details: | Howard Emmett, Assistant Director – Resources Howard.Emmett@northyorks.gov.uk 01609 532118 |
| Presenting officer: If not the originator | Sally Dunn |

1.0 PURPOSE OF THE REPORT

- 1.1 This report presents the de-delegation proposals for the 2025-26 financial year for the de-delegated contingency budgets in relation to Schools in Financial Difficulty and Unreasonable School Expenditure and the estimated reserves position at the end of the 2024-25 financial year for these budgets. The report also provides a summary of the utilisation of the de-delegated funding over recent financial years.
- 1.2 The Schools Forum is asked to consider the report. Relevant phases of LA maintained schools are asked to vote on recommendations for de-delegation for the 2025-26 financial year.

2.0 BACKGROUND

- 2.1 De-delegation applies only to LA-maintained schools. Where services are able to be de-delegated, the budget is, technically, initially delegated to all schools and academies. Services for de-delegation then have to be approved by Schools Forum and, if approved, the funding will be removed from maintained schools' budgets before final school budgets are issued.
- 2.2 The amount that can be de-delegated depends on the number of academy conversions; if there are more conversions of schools to academies the total sum de-delegated will reduce.
- 2.3 In the 2019-20 financial year, the Schools Forum took the decision to reduce the number of budgets that were de-delegated. The contingency budgets for Schools in Financial Difficulties Funding and Unreasonable School Expenditure are currently de-delegated along with Trade Union Support for Schools (TUSfS) and School Improvement Services (de-delegated in 2022-23 as a result of the removal of the DfE School Improvement Monitoring and Brokering Grant paid to the LA). The Schools in Financial Difficulty de-delegated contingency also provides a contribution to the school compulsory redundancy costs budget. A shared approach to the funding of LA maintained school compulsory redundancy costs (which meet the redundancy support criteria) is operated with a 50% funding contribution from the local authority and 50% funded from the Schools in Financial Difficulty de-delegated contingency. The de-delegated funding contribution to the school redundancy costs budget was reduced for 2022-23 from £250k to £125k as a result of the reduced number of staffing restructures being undertaken due to the Covid pandemic.
- 2.4 In consideration of the cost pressures faced by schools, the Schools Forum requested that funding from the Schools in Financial Difficulty De-Delegated Funding Reserve was utilised for the 2023-24 financial year to provide contingency funding 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 was agreed for the 2023-24 financial year. This approach was also adopted for the 2024-25 financial year. In addition, the Unreasonable School Expenditure De-Delegated Funding Reserve was utilised to provide any contingency funding required for this purpose for the 2024-25 financial year.

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- 2.5 LA services and contingencies funded from de-delegated funding are available to local authority maintained nursery schools, special schools and PRS on an annual buy back basis.
- 2.6 Given the DfE announcement that there will be no major changes to the School NFF for the 2025-26 financial year, the working assumption is that de-delegation of services will continue to be allowed for 2025-26. Schools Forum members for primary maintained schools and secondary maintained schools must decide separately for each phase whether the service/contingency should be provided centrally; the decision will apply to all mainstream schools in that phase and will be voted on by the relevant maintained school members of the Forum only.
- 2.7 The services and amounts de-delegated in 2024-25 in relation to the contingency funds and Trade Union Support for Schools, total £1,040k, and included:

| | £k | £/pupil |
|--|--------------|---|
| Schools in Financial Difficulty – Schools Causing Concern Contingency Only | 227 | £7.15 |
| Trade Union Services | 109 | £3.44 |
| School Improvement – Core Service | 704 | Lump Sum £3,200/School +£2.35/primary pupil & £2.86 / secondary pupil |
| TOTAL | 1,040 | |

3.0 SCHOOLS IN FINANCIAL DIFFICULTY CONTINGENCY

- 3.1 The Schools in Financial Difficulty Contingency is available to support schools that have failed an Ofsted Inspection, are at risk of failing an Ofsted Inspection or have other serious issues that would impact on the education of the children and young people attending the school and will cause pressures on school budgets and financial difficulties. Support is not available to schools facing budget and structural difficulties that would not ordinarily impact on standards. North Yorkshire Council operate three specific elements to the Contingency:

- Schools in Financial Difficulty
- Schools Causing Concern
- Redundancy Support Costs Contribution

- 3.2 Schools in Financial Difficulty provides actual cash allocations to support schools who meet the criteria of the Fund. In order to be considered for financial support the school needs to have prepared a budget recovery plan that demonstrates a move back into a balanced budget position and how an allocation from the Fund would contribute to the achievement of this. This element of the contingency fund supports the LA school financial governance strategy and enables proactive action to assist schools with the delivery of their financial recovery plans. Over recent years, £25k was used to support a primary school with maintaining the required resources and class structure to accommodate additional pupils resulting from the housing developments in the village and neighbouring school closure. The school was also implementing a financial recovery plan to address a significant budget deficit. In the 2023-24 financial year the DfE provided additional grant funding to support schools in financial difficulty in the

2023-24 financial year. North Yorkshire Council received a grant funding allocation of £972k which was distributed to Local Authority maintained schools. The Local Authority did not make any funding awards from the Schools In Financial Difficulty de-delegated reserve fund in addition to the DfE additional grant funding in the 2023-24 financial year.

- 3.3 The Schools Causing Concern element is used primarily by the School Improvement Service, to support schools that are in danger of falling into an Ofsted category of concern at the next inspection. Most of the funding goes to schools that are risk assessed as high priority. It is increasingly the case that many of these schools have budgetary issues and have actual or forecast deficits which hamper the schools' capacity for rapid improvement without this support. If an intervention is needed to support the school in the short term to increase the capacity for rapid improvement, and the school's budget is one of its issues, the Schools Causing Concern fund may be used to fund part or all of the intervention/s. All support for schools from the LA is detailed in a support plan, drawn up by School Improvement advisers in collaboration with the school and any other partner providers, and reviewed at regular intervals. Costings for support and where the funding will come from, are detailed and agreed as part of the support plan. Support provided may include advice and guidance from a LA school improvement adviser, school to school support and other support procured externally.
- 3.4 The total spend from the Schools Causing Concern budget is detailed in the tables below. In addition to this spend a further £150k funded additional Senior Education Adviser capacity for improvement partnership work. 75 schools had partnership improvement plans over this financial year and received comprehensive additional support through the enhanced offer to LA maintained schools funded by the £150K. The cost levels of the additional support are detailed below.

The services provided by Human Resources were predominately for the provision of Single Central Record Checks. The School Improvement and Professional Governance Services provided curriculum, safeguarding and governance support.

Support has been provided across the following categories:

| Support Category | Total expenditure |
|------------------------------|--------------------------|
| School to School Support | £3,465 |
| Curriculum (Reading Project) | £6,880 |
| Human Resources (SCR) | £12,470 |
| Safeguarding | £64,822 |
| | |
| TOTAL | £87,822 |

The cost levels of the additional targeted support provided to schools through the School Partnership Support Plans are detailed below:

| Spend per plan | Total expenditure | Number of schools |
|-----------------------|--------------------------|--------------------------|
| £1 to £1,000 | £1,155 | 3 |
| £1,001 to £5,000 | £2,310 | 1 |
| £5,001 to £10,000 | | |

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|--------------------|---------------|----------|
| £10,001 or greater | | |
| TOTAL | £3,465 | 4 |

- 3.5 It is expected that, based on 2024-25 Start Budget projections, there will be a continued requirement for financial support in relation to school redundancy costs in the 2025-26 financial year.
- 3.6 Expenditure levels associated with the Schools in Financial Difficulty Contingency de-delegated funding over recent financial years are as follows:

| | 2019/20* £'000 | 2020/21* £'000 | 2021/22* £'000 | 2022/23** £'000 | 2023/24 £'000 |
|---------------------|---------------------------------|---------------------------------|---------------------------------|----------------------------------|--------------------------------|
| De-Delegated Amount | 755 | 646 | 629 | 445 | 238 |
| Net Expenditure | 655 | 171 | 413 | 239 | 310 |
| In Year Position | 100 | 475 | 216 | 206 | -72 |
| Reserve B/F | 171 | 271 | 746 | 1,055*** | 1,261 |
| Reserve C/F | 271 | 746 | 962 | 1,261 | 1,189 |

*Includes £250k redundancy support contribution

**Includes £125k redundancy support contribution

***Includes Reserves review adjustment

- 3.7 The Schools in Financial Difficulty Contingency De-Delegated Reserve as at 31 March 2024 was £1,189k. This is broken down as follows over the three contingency elements of the funding:

| Schools in Financial Difficulty De-Delegated Funding – Contingency Elements | Reserve Fund as at 31 March 2024 £'000 |
|--|---|
| Schools Causing Concern | 87 |
| Schools in Financial Difficulty | 625 |
| School Redundancy Contributions | 477 |
| Schools in Financial Difficulty De-Delegated Reserve at at 31 March 2024 | 1,189 |

- 3.8 School budgets continue to experience significant pressures; this position is expected to continue for the 2025-26 financial year. In this regard, it is anticipated that there will be a continued funding requirement on the elements of the de-delegated contingency funds associated with supporting staff redundancy costs and the provision of additional financial support to those facing exceptional financial challenges. However, both of these funding elements continue to have reserves as a result a reduced funding requirement over recent years. There has been ongoing utilisation of the Schools Causing Concern element of the contingency de-delegated funding to support those schools at risk of both budget deficit and in danger of falling into an Ofsted category of concern at the next inspection. This has resulted in a smaller reserve associated with

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this funding element. Again, it is anticipated that there will be a continued requirement for Schools Causing Concern support in the 2025-26 financial year.

3.9 The Schools in Financial Difficulty De-Delegated Funding Reserve will be utilised for the 2024-25 financial year to provide contingency funding to support School Redundancy Costs Contribution from de-delegated funding and any funding awards from the Schools in Financial Difficulty fund rather than de-delegating funding from school budgets. Given the level of reserves on the Schools in Financial Difficulty Contingency de-delegated budgets, it is proposed to adopt this approach again for these two budget areas for the 2025-26 financial year. Given the smaller reserve on the Schools Causing Concern budget element, and the expectation that school support provided by this funding will continue to be required in the 2025-26 financial year, it is proposed to de-delegate funding for this purpose for the next financial year. The Schools Causing Concern de-delegated funding per pupil has been retained at the same rate since the 2022/23 financial year, with the School Improvement Service being required to manage pay award and inflationary cost pressures through efficiency savings during this period. It is now considered appropriate to request a 2.5% funding increase to be applied to the Schools Causing Concern de-delegated funding per pupil for the 2025-26 financial year. The members of the Schools Forum representing LA maintained schools are requested to consider the following Schools in Financial Difficulty de-delegation proposals for the 2025-26 financial year:

- i. To de-delegate £7.33. The requested funding amount is proposed to be increased by 2.5% between the 2024-25 and 2025/26 value, having previously been held at the 2022-23 value.
- ii. To utilise the reserve funding to support the Schools in Financial Difficulty element of the de-delegation contingency for the 2025-26 financial year with no de-delegation of funds for this element of the funding for next financial year.
- iii. To utilise the reserve funding to support the School Redundancy Costs Contribution element of the de-delegation contingency for the 2025-26 financial year with no de-delegation of funds for this element of the funding for next financial year.
- iv. To endorse the LA requesting LA maintained nursery schools, special schools and PRS service buyback based on the 2025/26 LA maintained school per pupil charge on a per place basis in relation to Schools Causing Concern funding.

3.10 Schools Forum members are asked to note the risk that any demands on the contingency budgets in excess of the available reserves will result in a request for an increase in de-delegation rates for these contingency budgets in the 2026-27 financial year.

4.0 UNREASONABLE SCHOOL EXPENDITURE CONTINGENCY

4.1 The Unreasonable School Expenditure budget is available to support schools with exceptional items where it would not be reasonable to expect funding to be provided from the school budget. In recent years, the budget has been used to help fund:

- Council tax charges and adjustments for redundant school houses/ bungalows
- Support for exceptional premises costs (e.g. introduction of split site premises part way through a financial year, backdated exceptional rents)

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- Support for additional exceptional expenditure resulting from major emergency building works (e.g. additional exam invigilation costs due to hall roof repairs and additional staffing costs due to having to use external premises as a result of flooding repairs)
- Exceptional one-off legal costs
- Exceptional one-off staffing costs
- Support for pupil number increases which do not meet the pupil growth criteria

4.2 Expenditure levels associated with the Unreasonable School Expenditure Contingency de-delegated funding and the number of schools that have received support from the funding over recent financial years are as follows:

| | 2018/19 £k | 2019/20 £k | 2020/21 £k | 2021/22 £k | 2022/23 £k | 2023/24 £k |
|-----------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| De-Delegated Amount | 73 | 66 | 57 | 55 | 48 | 46 |
| Net Expenditure | 86 | 49 | 13 | 53 | 9 | 8 |
| In Year Position | -13 | 17 | 44 | 2 | 39 | 38 |
| Reserve B/F | -22 | -35 | -18 | 26 | 40* | 79 |
| Reserve C/F | -35 | -18 | 26 | 28 | 79 | 117 |
| No. Schools Supported | 19 | 11 | 8 | 5 | 6 | 4 |

*Includes Reserves review adjustment

4.3 Given the level of reserve on the Unreasonable School Expenditure de-delegated budget as at 31 March 2024 and having regard to the anticipated levels of funding requirement for 2024/25, it is proposed to utilise the reserve funding to support any funding requirement on the de-delegation contingency for the 2025-26 financial year with no de-delegation of funds for this element of the funding proposed for next financial year. The members of the Forum representing LA maintained schools are asked to consider:

- To utilise the reserve funding to support the Unreasonable School Expenditure de-delegation contingency for the 2025-26 financial year with no de-delegation of funds for this element of the funding for next financial year.

4.4 Again, Schools Forum members are asked to note the risk that any demands on the contingency budget in excess of the available reserves will result in a request for an increase in de-delegation rates for these contingency budgets in the 2026-27 financial year.

5.0 **RECOMMENDATIONS**

5.1 LA-maintained primary phase Schools Forum members are asked to vote on the de-delegation:

- Schools in Financial Difficulty:

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- i. To de-delegate £7.33 in relation to the per pupil Schools Causing Concern funding for 2025-26.
 - ii. To utilise the reserve funding to support the Schools in Financial Difficulty element of the de-delegation contingency for the 2025-26 financial year with no de-delegation of funds for this element of the funding for next financial year.
 - iii. To utilise the reserve funding to support the School Redundancy Costs Contribution element of the de-delegation contingency for the 2025-26 financial year with no de-delegation of funds for this element of the funding for next financial year.
 - b. Unreasonable School Expenditure
 - i. To utilise the reserve funding to support the Unreasonable School Expenditure de-delegation contingency for the 2025-26 financial year with no de-delegation of funds for this element of the funding for next financial year.
- 5.2 LA-maintained secondary phase Schools Forum members are asked to vote on the de-delegation of:
- a. Schools in Financial Difficulty:
 - i. To de-delegate £7.33 in relation to the per pupil Schools Causing Concern funding.
 - ii. To utilise the reserve funding to support the Schools in Financial Difficulty element of the de-delegation contingency for the 2025-26 financial year with no de-delegation of funds for this element of the funding for next financial year.
 - iii. To utilise the reserve funding to support the School Redundancy Costs Contribution element of the de-delegation contingency for the 2025-26 financial year with no de-delegation of funds for this element of the funding for next financial year.
 - b. Unreasonable School Expenditure
 - i. To utilise the reserve funding to support the Unreasonable School Expenditure de-delegation contingency for the 2025-26 financial year with no de-delegation of funds for this element of the funding for next financial year
- 5.3 LA maintained Schools Forum members to endorse the LA requesting LA maintained nursery schools, special schools and PRS service buyback based on the 2025-26 LA maintained school per pupil charge on a per place basis in relation to Schools Causing Concern funding.

STUART CARLTON
Corporate Director – Children and Young People’s Service