

**NORTH YORKSHIRE SCHOOLS
FORUM**

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Date of meeting:	Thursday 21 November 2024
Title of report:	Special Schools & PRS Funding Consultation (Autumn 2024) Results
Type of report: Delete as required	For comment
Executive summary: Including reason for submission	This report provides the results of the Special Schools and PRS Funding Consultation that ran from 20 th September 2024 to 25 th October 2024. The report requests the Schools Forum to comment on the consultation response received in relation to the level of the Special School Minimum Funding Guarantee (MFG) for the 2025-26 financial year and the distribution of the Teachers' Pension Employers Contribution Grant 24 (TPECG 24) and the Core School Budgets Grant (CSBG) to Special Schools and AP for the 2024-25 financial year.
Budget / Risk implications:	Individual special school budget levels for the 2024-25 and 2025-26 financial years.
Recommendations:	Following the consultation with all special schools and PRS in North Yorkshire, the Forum is asked to: <ul style="list-style-type: none"> a. Note the recent updates received from the DfE in respect of the 2025-26 High Needs Block funding and the specific prescription of a 0% MFG for Special Schools. b. Comment on the outcome of the consultation. The views of the Schools Forum will be submitted as part of the approval requests to CYPS Executive Members and the Executive.
Voting requirements:	N/A
Appendices:	N/A
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**Special School & AP Funding Consultation (Autumn
2024)****1.0 PURPOSE OF THE REPORT**

- 1.1 This report provides an overview of the results and responses received from special schools and AP to the Special School and AP Funding Consultation (Autumn 2024).
- 1.2 The Schools Forum is asked to consider the results of the Consultation and the responses received.

2.0 BACKGROUND

- 2.1 Special school funding arrangements for 2025-26 will be impacted by a combination of:
- uplift factors applied to Banding allocations (for top-up funding)
 - uplift factors applied to Contextual Funding
 - the specific operation of the Minimum Funding Guarantee in the Special school sector at a national level, and local level.
- 2.2 The Government's 30 October 2024 Budget announced total core school funding is increasing by £2.3 billion in 2025 to 2026. This includes funding through the schools NFF, high needs funding, CSSB of the DSG, and pupil premium. Of the £2.3 billion increase in total schools funding, almost £1 billion will be added to the overall high needs budget. In respect of this high needs funding allocation, the DfE are setting aside £480m for allocation through a 2025 to 2026 CSBG for special schools and AP, which will combine the high needs elements of the 2024 to 2025 TPAG, TPECG and full-year equivalent of the CSBG. In addition, the DfE have stated that they will also hold back a further £145m for allocations of high needs funding that are not calculated through the high needs NFF, and later NFF funding adjustments e.g. the impact of the October 2024 school census special school numbers used for the basic entitlement factor of the NFF, which is updated through the DSG allocations published in December 2024.
- 2.3 Consideration of Special School funding arrangements needs to be undertaken within the context of the position on the High Needs budget remaining extremely pressured. The estimated in-year financial pressure in 2025-26 is in the order of £6.5m that will contribute to the estimated accumulated High Needs Deficit of c.£19-20m as at 31st March 2025. Whilst the 2025-26 national funding increase on the High Needs Block is likely to provide some limited improvement in the forecast financial deficit on 2025-26 High Needs Block within North Yorkshire, it is unlikely to fully address the forecast in-year deficit position nor enable any repayment of the c.£19-20m accumulated High Needs budget deficit. Projections beyond 2025-26 show an increased number of children and young people assessed as requiring an Education Health and Care Plan with an associated increase in pressure on the High Needs budget. This financial pressure is felt across the SEND system in North Yorkshire and represents an unsustainable position for mainstream schools and academies, special schools and special academies, other settings and provision for children and young people with additional needs and the local authority.
- 2.4 The DfE have confirmed that the minimum funding guarantee (MFG) for special schools will continue to apply to maintained special schools in 2025-26. The DfE have prescribed that MFG for 2025-26 is 0% using schools' 2024-25 funding baseline; this is equivalent to the upper end of the MFG range for mainstream

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schools. The operation of the MFG will be the same as in previous years and applies only to each school's place and top-up funding. The local authority must have a disapplication request approved to use a lower percentage.

- 2.5 At the time of writing this report, the 2025-26 High Needs Block provisional funding allocation is still to be received from the DfE. This is expected in late November 2024.
- 2.6 The local authority is aware and acknowledges the financial pressure facing special schools and has sought to ensure protection and investment for the sector, balanced against the very challenging High Needs funding settlement for North Yorkshire as a whole. Any decisions around the funding for Special Schools in North Yorkshire will be taken in conjunction with participation in the Delivering Better Value in SEND programme.

3.0 BANDED FUNDING ALLOCATIONS (TOP UP ALLOCATIONS) & CONTEXTUAL FUNDING

- 3.1 The Local Authority is carefully considering what potential rate of increase for **Banded Funding allocations** will be applied for 2025-26 noting a tightening of national funding arrangements. The banded funding allocation reflects costs incurred beyond the Element 2 funding allocation of £6,000.
- 3.2 The Local Authority intention would be to increase the factor elements within the **Contextual Funding** by the same inflationary increase that is applied to the banded funding allocations.

4.0 MINIMUM FUNDING GUARANTEE FOR SPECIAL SCHOOLS 2025-26

- 4.1 MFG is a protection for special schools against seeing a reduction in funding from year to year assuming that the number and type of places remain the same. For the current 2024-25 financial year, the DfE prescribed for the MFG protection level for special schools to be set within the boundaries of between 0% and 0.5%; the level set for North Yorkshire was 0.5%
- 4.2 In terms of NYC methodology, the minimum funding guarantee determination is actioned in January (for the following financial year) and is based on the pupil population in place at that particular point in time and compares funding allocations in the baseline funding allocation period and the future allocation period. This approach is adopted to ensure that the MFG calculation is not distorted by fluctuations in the band mix of pupils from one year to the next - in accordance with the DfE High Needs operational guidance.
- 4.3 Within the MFG determination, the comparison looks at place funding and top-up funding. It also incorporates the contextual funding component and previous year's minimum funding guarantee sum.
- 4.4 In the absence of the DfE 2025-26 High Needs Funding Operational Guidance and in order to ensure the timely publication of 2025-26 budgets to special schools, North Yorkshire Council undertook a principle-based consultation with special schools seeking views as to whether the DfE minimum or maximum MFG threshold should be

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used in the calculation of 2025-26 special school budgets; the consultation ran between 20 September 2024 and 25 October 2024. On the 5 November 2024, the DfE updated their 2025-26 Funding Summary Policy Note; the updated information provided notification of the DfE prescribing that the Special School MFG is 0% for the 2025-26 financial year.

4.5 The DfE High Needs guidance makes no provision for the application of the MFG for alternative provisions.

5.0 TEACHERS PENSION EMPLOYERS' CONTRIBUTION GRANT 2024 – SPECIAL SCHOOLS & AP

5.1 The DfE announced the provision of £1.1 billion to support schools with the additional costs of the increase in the employer contribution rate of the teacher's pension scheme by 5% to 28.6% from 1 April 2024. This funding is being split between mainstream schools, special schools and alternative provision (AP), early years, and 16 to 19 provision. The TPECG 24 funding allocation for Special Schools and AP (both LA maintained and academies) is paid to local authorities by the DfE. Local authorities have flexibility in how they pass on the funding allocations for special schools and AP schools to individual providers. This flexibility recognises that the teachers' pay costs faced by special schools and AP schools may vary between individual providers, depending in part on the complexity of the pupil needs that they serve. However, the DfE require local authorities to comply with the following requirements in setting their local methodologies for how they will pass on the additional funding to schools they currently maintain, academies they previously maintained and free schools located in their area. Local authorities must:

- pass on 100% of TPECG 24 funding to individual eligible schools.
- ensure that all eligible schools receive a funding allocation through TPECG 24 in 2024/2025
- have transparent criteria to distribute funding to individual schools, treating academies and mainstream schools the same.
- consult with eligible schools before deciding their methodology for allocating TPECG 24 funding.

5.2 The DfE TPECG 24 funding rate for the 2024-25 financial year for special schools and AP schools is £595 per place.

6.0 2024-25 CORE SCHOOL BUDGET GRANT – SPECIAL SCHOOLS & AP

6.1 The DfE have announced the provision of £1.1 billion to support schools with their overall costs in the 2024-25 financial year, in particular following confirmation of the 2024 teacher pay award. This funding is being split between mainstream schools, special schools and alternative provision (AP). The funding is being allocated through the Core Schools Budget Grant (CSBG) and covers the seven-month period from September 2024 to March 2025 for the 2024-25 financial year. The CSBG funding allocation for Special Schools and AP (both LA maintained and academies) is paid to local authorities by the DfE. Local authorities have flexibility in how they pass on the funding allocations for special schools and AP schools to individual providers. This flexibility recognises that the teachers' pay costs faced by special schools and AP schools may vary between individual providers, depending in part on the complexity of the pupil needs that they serve. However, the DfE require local authorities to comply

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with the following requirements in setting their local methodologies for how they will pass on the additional funding to schools they currently maintain, academies they previously maintained and free schools located in their area. Local authorities must:

- pass on 100% of the CSBG funding allocated in respect of those schools, to those schools.
- ensure that all those schools receive a funding allocation from the CSBG in 2024/2025
- have transparent criteria to distribute funding to individual schools, treating academies and maintained schools the same.
- consult with those schools before deciding their methodology for allocating CSBG funding.

6.2 The DfE CSBG funding rate for the 2024-25 financial year for special schools and AP schools is £610 per place.

7.0 RESULTS OF THE SPECIAL SCHOOLS & AP FUNDING CONSULTATION (AUTUMN 2024)

7.1 4 out of the 10 special schools and 2 out of the 5 PRS within North Yorkshire have provided a response to the 2025-26 funding consultation. 1 anonymous response was received; this has been excluded from the reported consultation results.

7.2 The table below provides details of the consultation results in respect of both the number of responses received in support of each option and the numbers of schools represented in the responses.

Option	MFG %	No. Responses Received Supporting Option
Option 1	Minimum DfE Threshold	1
Option 2	Maximum DfE Threshold	3
		4
Option	Proposed Distribution Methodology for the TPECG 24 - £595 Per Place (as per DfE allocation methodology)	
Option 1	Supported	6
Option 2	Not Supported	0
		6
Option	Proposed Distribution Methodology for the CSBG- £610 Per Place (as per DfE allocation methodology)	
Option 1	Supported	6
Option 2	Not Supported	0
		6

A number of schools and academies also provided additional comments to support their responses. These comments are detailed in **Appendix 1** to this report.

8.0 RECOMMENDATIONS

- 8.1 Following the consultation with all special schools and academies in North Yorkshire, the Forum is asked to:
- a. Note the recent updates received from the DfE in respect of the 2025-26 High Needs Block funding and the specific prescription of a 0% MFG for Special Schools.
 - b. Comment on the outcome of the consultation. The views of the Schools Forum will be submitted as part of the approval requests to CYPS Executive Members and the Executive.

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

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Appendix 1

Special School & PRS Funding Consultation (Autumn 2024) - Comments	
Comments on the Special School Minimum Funding Guarantee Proposal	
Provider Type	Comment
Special School - LA	xxxxxxx school support to maintain the status quo and secure the maximum threshold available to special schools
Special School - LA	Schools will struggle to maintain a positive budget if funding levels suffer cuts. There are already a high number of schools forecasting deficit budgets.
Comments on the Proposed Distribution Methodology of the TPECG 24	
Provider Type	Comment
PRS - LA	AP is significantly underfunded given the level of need of the students we are being asked to support and the length of time this support is required for. The placement costs are well below market rate even when the subsidised element from the High Needs Block is factored in.
Comments on the Proposed Distribution Methodology of the CSBG	
Provider Type	Comment
PRS - LA	We are significantly underfunded given the level of need of the students we are being asked to support and the length of time this support is required for. The placement costs are well below market rate even when the subsidised element from the High Needs Block is factored in.