



NORTH YORKSHIRE COUNCIL

**SPECIAL SCHOOLS & ALTERNATIVE PROVISION
FUNDING CONSULTATION
(AUTUMN 2024)**

24 September 2024 to 25 October 2024

Deadline for responses: Friday, 25 October 2024, 5pm

1.0 SUMMARY

1.1 This consultation paper sets out:

- The latest position from the Department of Education (DfE) and the North Yorkshire Local Authority (LA) with regard to Special School funding arrangements for 2025/26. The consultation is principle-based and seeks the views of Special Schools on the level of the Minimum Funding Guarantee for Special Schools for the 2025-26 financial year. (*Applicable to Special Schools only*)
- Proposals for the allocation methodology for the Teachers' Pension Employer Contribution Grant (TPECG) and the Core School Budget Grant (CSBG) for Special Schools and Alternative Provision for the 2024/25 financial year. (*Applicable to Special Schools and Alternative Provision*)

2.0 BACKGROUND

2.1 Special School Funding Arrangements

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 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 2024-25 is in the order of £6.5m; this will add to the accumulated High Needs Deficit of £13m as at 31st March 2024. Unchecked, this will lead to an accumulated deficit of c.£19.5m by 31st March 2025. Projections beyond 2024/25 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.

2.3 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 a position of very challenging High Needs funding settlements for North Yorkshire as a whole. Any decisions around the funding for Special Schools in North Yorkshire will be taken in conjunction with our participation in the Delivering Better Values in SEND programme.

2.4 At this time, the DfE have not yet published the High Needs funding information for the 2025/26 financial year. In this respect, in order to ensure that 2025/26 special school budgets can be published within the required timescales, North Yorkshire Council is undertaking a **principles-based** Special School funding consultation.

2.5 Teachers Pension Employer Contribution Grant 2024 (TPECG 24)

2.6 The DfE have 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 split reflects relative pupil numbers, and core funding amounts, across these different types of provision.

2.7 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. 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.

2.8 The DfE TPECG 24 funding rate for the 2024/2025 financial year for special schools and AP schools is £595 per place.

2.9 Core School Budget Grant (CSBG)

2.10 The DfE have announced the provision of £1.1 billion to support schools with their overall costs in the 2024/2025 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 split reflects relative pupil and place numbers, and core funding amounts, across these different types of provision. 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.

2.11 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. 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 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.
- 2.12 The DfE CSBG funding rate for the 2024/2025 financial year for special schools and AP schools is £610 per place.

3.0 SUMMARY OF PROPOSALS

- 3.1 The Local Authority is carefully considering the potential rate of increase for **Banded Funding allocations** to be applied for 2025/26; this decision is clearly subject to 2025/26 High Needs Block funding settlement received from the DfE. The banded funding allocation reflects costs incurred beyond the Element 2 funding allocation of £6,000.
- 3.2 The Local Authority intention is to increase the factor elements within the **Contextual Funding** by the same inflationary increase that is applied to the banded funding allocations.
- 3.3 The **Minimum Funding Guarantee (MFG)** will be required to be set with the minimum and maximum thresholds prescribed by the DfE; in the 2024/25 financial year this was between 0% and 0.5%. Special School views are requested, on a principles-basis, on whether the 2025/26 MFG should be set at the minimum or maximum threshold level. The operation of the MFG is described in Section 4 below.
- 3.4 The **Teachers Pension Employer Contribution Grant 2024 (TPECG 24)** funding is proposed to be distributed based on the DfE methodology as follows:
- Initial allocations will be based 2024/2025 academic year place numbers for special and AP academies (as published in March 2024 by the DfE), and 2023/2024 financial year place numbers for maintained special schools and pupil referral units (as reported by the LA in section 251 returns – published December 2023).
 - Allocations will be finalised for the special schools and AP in March 2025, in line with the finalised funding allocation received by the Local Authority from the DfE. The final allocation will be based on the updated 2024 to 2025 places as at March 2025 that will also be used in the DSG for academies and free schools and the 2024 to 2025 places from local authorities section 251 returns, due to be published later this year, for maintained schools.
 - The funding will be based on £595 per place.
- 3.5 The **Core Schools Budget Grant (CSBG)** funding is proposed to be distributed based on the DfE methodology as follows:
- Initial allocations will be based 2024/2025 academic year place numbers for special and AP academies (as published by July 2024 by the DfE), and 2023/2024 academic year place numbers for maintained special schools and pupil referral units (as reported by the LA in 2023/24 section 251 budget returns)
 - Allocations will be finalised for the special schools and AP in March 2025, in line with the finalised funding allocation received by the Local Authority from the DfE. The final allocation will be based on the updated 2024 to 2025 places as at March 2025 for academies and free schools and the 2024 to 2025 places as published

in the 2024/25 section 251 data for maintained schools. The AP census data will not be updated as the numbers from the 2025 AP census will not be available to ESFA in time for the calculation of the March 2025 allocation.

- The funding will be based on £610 per place.

4.0 OPERATION OF THE MINIMUM FUNDING GUARANTEE FOR SPECIAL SCHOOLS

- 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. The DfE generally prescribe parameters that the MFG protection level for Special Schools must be set within each financial year; for the 2024/25 financial year this was between 0% and 0.5% (in line with mainstream schools). The North Yorkshire 2024/25 Special Schools MFG was set at 0.5%
- 4.3 In terms of NYC methodology, the minimum funding guarantee determination is actioned in January (for the following financial year) when we use the pupil population in place at that particular point in time and compare 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.
- 4.4 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.
- 4.5 The consultation seeks a principles-based view from Special Schools as to whether the MFG should be set at the DfE minimum or maximum threshold for the 2025-26 financial year.
- 4.6 To give an understanding of the implications between setting the MFG at the minimum or maximum threshold a greater level of funding protection is provided by a maximum threshold level where there is a minimal uplift in banding and contextual funding values. The funding protection is reduced where the minimum level is used. The Special Schools MFG funding protection provided is funded from the High Needs budget and the level of funding required has an associated cost impact on the budget.

5.0 Next Steps

- 5.1 The proposals detailed in section 3 above are included in the on-line response to this consultation which can be found at: <https://online1.snapsurveys.com/tctp5p>
- 5.2 **Your response needs to be submitted by: 5.00pm on Friday, 25 October 2024**
- 5.3 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 21 November 2024. Schools will be notified of the outcome of this discussion and subsequent decision by the local authority.

The Equalities Impact Assessment for this consultation is provided in appendix 1

6.0 Consultation Questions

The consultation questions set out in the electronic survey located at: <https://online1.snapsurveys.com/tctp5p> are as follows:

Q1. Only applicable to Special Schools & Academies:

Please indicate your preferred option in respect of the level of Special School Minimum Funding Guarantee (MFG) protection for 2025/26

Option	Minimum Funding Guarantee (MFG) %	Preferred Option (✓)
1	DfE MFG Minimum Threshold	
2	DfE MFG Maximum Threshold	

Q2: Only applicable to Special Schools & Academies:

Do you have any further comments relating to the LA's proposals for special school funding for 2025/26?

Q3. Please confirm whether you support the proposal by North Yorkshire Council to distribute the Teachers' Pension Employers Contribution Grant 2024 (TPECG 24) funding to local authority maintained Special Schools and Alternative Provision and Special and Alternative Provision Academies based on the Department for Education (DfE) methodology used to distribute the funding to local authorities for the 2024/25 financial year of £595 per place (as detailed in the consultation document).

Response	Preferred Option (✓)
The proposed methodology for the distribution of the TPECG 24 funding for the 2024/25 financial year is supported	
The proposed methodology for the distribution of the TPECG 24 funding for the 2024/25 financial year is not supported	

Q4: Do you have any further comments relating to the LA's proposals for the distribution of the TPECG 24 funding to special schools and AP for the 2024/25 financial year?

Q5. Please confirm whether you support the proposal by North Yorkshire Council to distribute the Core Schools Budget Grant (CSBG) funding to local authority maintained Special Schools and Alternative Provision and Special and Alternative Provision Academies based on the

Department for Education (DfE) methodology used to distribute the funding to local authorities for the 2024/25 financial year of £610 per place (as detailed in the consultation document).

Response	Preferred Option (✓)
The proposed methodology for the distribution of the CSBG funding for the 2024/25 financial year is supported	
The proposed methodology for the distribution of the CSBG funding for the 2024/25 financial year is not supported	

Q6: Do you have any further comments relating to the LA's proposals for the distribution of the CSBG funding to special schools and AP for the 2024/25 financial year?