

North Yorkshire Council

Executive

Minutes of the meeting held on Tuesday 6 January 2026 commencing at 11.00 am.

Councillor Carl Les in the Chair. Councillors Mark Crane, Gareth Dadd, Richard Foster, Michael Harrison, Simon Myers, Heather Phillips, Janet Sanderson, Malcolm Taylor and Annabel Wilkinson.

In attendance: Councillors Kevin Foster and Paul Haslam (R)

Officers present: Richard Flinton, Karl Battersby, El Mayhew, Gary Fielding, Nic Harne, Richard Webb, Barry Khan, Daniel Harry, Elizabeth Jackson, Jennifer Norton, Joh Holden (R) and Howard Emmett (R).

Copies of all documents considered are in the Minute Book

817 Apologies for Absence

There were no apologies for absence.

818 Minutes of the Meeting held on 16 December 2025

Resolved

That the public Minutes of the meeting held on 16 December 2025, having been printed and circulated, be taken as read and confirmed by the Chair as a correct record.

819 Declarations of Interest

Councillors Mark Crane and Carl Les declared an interest in Minute 825 on the basis that they were directors of NYnet and left the room during the debate and vote on the item. It was confirmed that they were not paid for this role.

Councillor Gareth Dadd declared an interest in relation to second homes and the potential tourist levy for which he had previously been granted a dispensation.

820 Exclusion of the Public

It was noted that the report relating to Minute 825 – Creation of a new Wide Area Network Solution and Digital Services Company contained two appendices which were considered to be exempt. As the contents of the appendices were not discussed there was no requirement to exclude the public from the meeting during consideration of the item.

821 Public Questions and Statements

There were no public questions or statements.

822 School Admissions Arrangements for the School Year 2027/28

Considered – A report of the Corporate Director Children and Young People’s Service providing a summary of responses received to the consultation on the proposed admission arrangements for Community and Voluntary Controlled Schools for the school year 2027/28. The report set out the proposed coordinated school admission arrangements for 2027/28, including in year arrangements, admissions policies for community and voluntary controlled schools (including Ripon Grammar School boarding and nursery admissions), and the proposed Published Admission Numbers (PANs) and sought approval for recommendation to Council for determination.

The Executive Member for Education, Learning and Skills, Councillor Annabel Wilkinson, introduced the report explaining that the Council, as admissions authority for community and voluntary controlled schools, was required to have agreed arrangements in place by 28 February each year. Consultation on the proposals had been carried out from 13 to 25 October 2025 in accordance with the School Admissions Code, and the report summarised the consultation and responses received.

Resolved

- 1) That the proposed Admission Arrangements for 2027/2028 be recommended to the Council for approval on 13 February 2026, including:
 - The proposed co-ordinated admission arrangements
 - The proposed coordinated in-year admission arrangements
 - The proposed admission policy for Community and Voluntary Controlled Schools
 - The proposed admission policy for Ripon Grammar Boarding School
 - The proposed admission policy for Community and Voluntary Controlled Nursery Schools, Schools with Nursery Classes and Pre-Reception Classes
 - The proposed published admission numbers (PAN’s) for community and voluntary controlled schools.

- 2) That the relevant areas for consultation on the School Admission Arrangements remain unchanged

Reasons for recommendations

North Yorkshire Council as an admission authority for maintained schools must have determined admission arrangements for 2027/2028. The arrangements decide the allocation of school places which will apply for admission applications for entry in the academic year 2027/2028. The approved arrangements are to be determined by February 2026, this is to comply with the regulations and legislation set out in the Admission Code 2021.

Alternative options considered

No alternative options were considered as it is a statutory requirement to determine Admission Arrangements on an annual basis by 28 February.

823 Mainstream Schools and Special Schools Budget 2026/27

Considered – A report of the Corporate Director Children and Young People’s Services in relation to mainstream school and special school funding for 2026/27, as required by guidance issued by the Department for Education (DfE). The report made recommendations in respect of the local schools funding formula for mainstream and

special schools and approval was sought for associated protections and top-up changes.

The Executive Member for Education, Learning and Skills, Councillor Annabel Wilkinson, outlined that the authority must operate a local funding formula in line with the National Funding Formula. Following consultation and consideration by Schools Forum on 20 November 2025, a 0.5% transfer from Schools Block to High Needs for 2026/27 had been approved, reflecting significant local pressures. The paper proposed the maximum funding protection of 0% for mainstream schools and compliance with the DfE mandated 0% protection for special schools, with capping and scaling only if necessary. It also proposed a 2% increase to element 3 top up funding. Where final allocations created a surplus/deficit once pupil characteristics were updated, Dedicated Schools Grant reserves and growth funding would be used before any capping/scaling. It was noted that North Yorkshire remained amongst the lowest funded authorities nationally for High Needs on a per head basis.

Councillor Janet Sanderson expressed grave concern at the forecast cumulative High Needs deficit which would reach approximately £24m by 31 March 2026 and potentially £40m by March 2027 without mitigation, and called for urgent action by the government.

Resolved (unanimously)

That Executive note the contents of this report, and agree:

- a. That the Council applies a Minimum Funding Guarantee (MFG) of 0% in the calculation of mainstream school budgets for the 2026-27 financial year.
- b. That the Council uses Age Weighted Pupil Units (AWPU) as the methodology for the allocation to school budgets of any surplus funding available within the Schools Block DSG after the calculation of the school funding formula using National Funding Formula (NFF) values for the 2026-27 financial year
- c. That the Council uses a higher funding gains cap and higher scaling back percentage for managing the recovery of any funding shortfall on the Schools Block DSG after the calculation of the school funding formula using NFF values for the 2026-27 financial year. In the event of any funding shortfall being too significant to manage through the use of the capping and scaling mechanism, the Corporate Director – Resources and the Corporate Director – Children & Young People’s Service, in consultation with the Chair of the Schools Forum, will determine a school funding methodology that delivers affordability within the 2026-27 Schools Block DSG and associated reserves.
- d. That the Council includes an exceptional circumstance lump sum of £50,000 for very small sparse secondary schools (which would otherwise be unable to attract sufficient funding to remain viable) in the 2026-27 North Yorkshire school funding formula.
- e. That the Council uses the exceptional circumstance formula factor for schools where their approved rent costs are in excess of 1% of their delegated budget
- f. That the Council transfers 0.5% of funding from the Schools Block Dedicated Schools Grant (DSG) to the High Needs Block, as agreed by the North Yorkshire Schools Forum on 20 November 2025.
- g. That the Council applies MFG funding protection of 0% for special schools for the 2026-27 financial year, as prescribed by the DfE.
- h. That the Council applies 2% to the Banded Funding allocations (top up/ ‘element 3’ allocations) received by mainstream and special schools and academies for the

2026-27 financial year.

- i. That the Council applies 2% to the Banded Funding allocations (top up / element 3 allocations) received by pupil referral units and alternative provision settings for the 2026-27 financial year.
- j. That the Council applies 2% to the factor elements within the Special school contextual funding for the 2026-27 financial year.
- k. That the Council will continue to lobby for a fairer and more equitable funding settlement for schools in North Yorkshire. We will also continue to lobby for a fairer settlement of High Needs resources.

Reasons for recommendations

The local authority is responsible for operating a local school funding formula for mainstream schools and academies in line with the National Funding Formula, Schools and Early Years Finance Regulations and Schools operational guide: 2025 to 2026. The local authority must also engage in open and transparent consultation with all maintained schools and academies in their area, as well as with their Schools Forum, about any proposed change to their local funding formula. The local authority is responsible for making the final decisions on their formula including ensuring sufficient time to gain political approval before the authority proforma tool (APT) deadline in January 2026. Political approval means approval in line with the local authority's local scheme of delegation; the schools forum does not decide on the formula.

Within this framework, the local authority must make some decision prior to the January 2026 deadline in respect of:

- Minimum Funding Guarantee for mainstream school funding for 2026-27
- the funding approach to an overall deficit or surplus on the available DSG allocation (which will not be known until late in December 2025)
- the inclusion of an exceptional lump sum of £50,000 for very small, sparse, secondary schools within the local formula for 2026-27
- the use of the exceptional circumstance formula factor for schools where their approved rent costs are in excess of 1% of their delegated budget.
- the proposed Block transfer of funding from Schools Block to the High Needs Block for 2026-27
- any changes to the banded funding/E3 top-up funding or funding framework for 2026-27

824 Closure of The Mercury Housing Co Ltd

Considered – A report of the Assistant Director Legal Operations providing an update on the current status of The Mercury Housing Co Ltd and seeking approval to take steps to apply for it to be dissolved.

The Executive Member for Finance and Resources, Councillor Gareth Dadd, stated that the company had been established by the former Richmondshire District Council over a decade ago to enable housing activity but had never traded and closing the company was a tidying up exercise.

Resolved

That Executive:

- 1) approve the application to strike off and dissolve the Company

- 2) authorise the Company's directors to apply to Companies House for the voluntary strike off of the Company
- 3) authorise the Assistant Director for Legal Operations to take all necessary steps to facilitate the strike off of the Company

825 Creation of a new Wide Area Network Solution and Digital Services Company

----- Councillor Gareth Dadd in the Chair for this item -----

Considered – A report of the Corporate Director Resources which provided the Business Case for the establishment of a new company for the provision of a Wide Area Network (WAN) solution and digital services which would adhere to the Vertical Arrangement (also known as 'Teckal') exemption in the Procurement Act 2023.

Approval was sought for the establishment of a new company which would be wholly owned by North Yorkshire Council and limited by shares on the basis of a Business Case. The new company would be known as NYnet Public Sector Limited.

Approval was also sought for the business model of the existing company, NYnet Limited, to be changed to enable it to operate on a commercial basis in the future outside the scope of the Procurement Act 2023 and without the benefit of the Teckal exemption.

The Corporate Director Resources, Gary Fielding, explained that the existing company had successfully delivered the Council's WAN and services for many years and undertaken some commercial work. To preserve Teckal compliance for public sector contracts and to enable a clearer commercial arm, it was proposed that a new company be created for public-sector contracts, leaving the current company to focus on commercial activity.

Councillor Kevin Foster queried the financial risk to the Council were the company to experience difficulties. Officers advised the proposals did not increase overall exposure; robust governance and shareholder controls would continue to apply. Members noted that all trading companies inherently carried risk, but the Council had benefited materially from its company portfolio over recent years.

(Councillors Carl Les and Mark Crane declared an interest in the item and left the room during the debate and vote thereon.)

Resolved (unanimously)

That Executive:

- i) approve the Business Case at Appendix A;
- ii) approve the implementation of a new wholly owned company (NPSL), in accordance with the details set out in the Business Case at Appendix A;
- iii) approve the setting up of a company limited by shares;
- iv) approve the investment of a nominal share capital of one £1 share in NPSL;
- v) approve NYnet Public Sector Limited as the name of the new wholly owned company;
- vi) approve the appointment of the Chief Executive, the Assistant Chief Executive (Legal and Democratic Services), Alastair Taylor, Peter Scrope and Richard Doyle as directors of NPSL;

- vii) approve the appointment of the Assistant Chief Executive (Legal and Democratic Services) as company secretary of NPSL;
- viii) approve the appointment of the Corporate Director (Resources) as the Shareholder Representative for NYnet Limited and NPSL;
- ix) delegate the approval of the articles of association and any other governance documents associated with NPSL to the Assistant Director (Legal);
- x) delegate the approval of the amendments to the memorandum (including company objects) and articles of association, and any other governance documents associated with the change of NYnet Limited to a commercial company to the Assistant Director (Legal);
- xi) delegate to the Corporate Director (Resources), in consultation with the Assistant Director (Legal), to conclude all steps to agree a reduction of the current loan facility cap to NYnet Limited from £10m to £5m and a new loan facility of £5m to NPSL;
- xii) delegate to the Assistant Director (Legal) to progress and conclude the working arrangements of NPSL including the method of the provision of support services, staffing and secondment arrangements between NPSL and NYnet Limited;
- xiii) delegate all other necessary steps to secure the implementation of the proposed option to the Assistant Director (Legal);
- xiv) agree that the appointed officers to the board of directors of NPSL on behalf of the Council will be entitled to indemnity in accordance with the Council's Indemnity Policy for Members and Employees;
- xv) delegate to the Assistant Director (Legal) the approval of the termination of the Council's existing contract with NYnet Limited and the direct award of new contracts to NPSL under the Teckal exemption or novation of existing contracts as required

Reasons for Recommendations

To ensure that NYnet can continue to deliver a Wide Area Network solution and other digital services to the Council in compliance with the Procurement Act 2023.

To allow NYnet Limited to continue to grow its commercial offering for the benefit of the Council.

Alternative options considered

Alternative Option 1 – Do Nothing

This option is not considered viable as it would in future render NYnet Limited as falling outside the Teckal exemption and therefore affect the Council's contract arrangements with NYnet Limited. It would also not permit growth of the company for commercial work. As such, the proposed creation of NPSL remains the most appropriate solution to ensure continued compliance with the Teckal exemption and future growth.

Alternative Option 2 – Create a new company and novate the York and North Yorkshire Combined Authority contract to this new company

This option would require novation of the contract with York and North Yorkshire Combined Authority to the new company which may not be permitted under the YPO Framework and/or under applicable procurement legislation. The new company would have no financial history which may create barriers to entry into a commercial market.

826 Area Committee Feedback Report

Considered – A report of the Assistant Chief Executive Legal and Democratic Services providing an overview of the key issues considered at the November and December 2025 round of meetings of the Area Committees. The Executive Member for Corporate Services referred to a recent meeting with Chairs and Vice-Chairs of Area Committees which considered the mechanisms for raising issues of concern with the Executive. The importance of Area Committees in delivering the Council's ambition to be the most local of large councils was noted.

- Harrogate and Knaresborough: Members noted a strong focus on active travel; officers confirmed Harrogate currently had a nominated active travel officer reflecting local need.
- Skipton and Ripon: Members highlighted the Engine Shed Lane/Wensleydale Link Road issue and asked that a business case be expedited. The Executive Member for Highways and Transportation recognised its importance, noting there was presently no allocated funding but that options were being explored.
- Scarborough and Whitby: Members discussed rural crime and wildfire and flooding resilience; concerns were raised about school children pedestrian safety near New Bridge and the executive Member agreed to obtain details of any accident history. A response was awaited from the Secretary of State for Energy Security on the Government's position on fracking in relation to the application to use the proppant squeeze method for gas extraction at Burniston. It was agreed that the SoS would be written to again as the matter was now urgent.
- Thirsk and Malton: It was noted that the visitor levy had been referred to by the Area Committee and would be considered again in the future once there was more detail.
- Richmond (Yorks): Members welcomed direct engagement with a bus operator at committee regarding local service performance.
- Selby: The Executive Member for Highways commended an additional local meeting held with officers and Members following the death of former Cllr John Duggan, noting that immediate actions were being implemented. Planning pressures were also discussed; Members were reminded of the risk of costs on appeal when refusals lacked robust grounds.

Resolved

That the report be noted and further consideration be given to the matters arising from the work of the Area Committees as detailed above.

827 Forward Plan

Considered – The Forward Plan for the period 19 December 2025 to 31 December 2026 was presented.

Resolved

That the Forward Plan be noted.

828 Date of Next Meeting - 20 January 2025

The meeting concluded at 11.33 am.