

NORTH YORKSHIRE COUNTY COUNCIL

EXECUTIVE

11 JANUARY 2022

SPECIAL SCHOOLS BUDGET

Report of the Corporate Director – Children and Young People’s Services

1.0 PURPOSE OF THE REPORT

- 1.1 This report asks the Executive to agree a number of recommendations relating to Special school funding arrangements for 2022/23, which need to be compliant with the High Needs operational guidance issued by the Department for Education (DfE).
- 1.2 These recommendations include:
- Applying a Minimum Funding Guarantee (MFG) of +2% in the calculation of special school budgets for the 2022/23 financial year;
 - Applying an assumed inflationary increase of +2% to the Banded Funding allocations (top up/ ‘element 3’ allocations) received by mainstream and special schools and academies for the 2022/23 financial year;
 - Applying an assumed inflationary increase of +2% to the Banded Funding allocations (top up / element 3 allocations) received by pupil referral units and alternative provision settings for the 2022/23 financial year;
 - Applying an assumed inflationary increase of +2% to the factor elements within the Special school contextual funding for the 2022/23 financial year.
- 1.3 These recommendations have been endorsed by special schools and academies during a county-wide consultation and agreed by the North Yorkshire Schools Forum.

2.0 BACKGROUND

- 2.1 Under his delegated decision making powers in the Officers’ Delegation Scheme in the Council’s Constitution, the Chief Executive Officer has power, in cases of emergency, to take any decision which could be taken by the Council, the Executive or a committee.
- 2.2 Following on from the expiry of the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020 (“the 2020 Regulations”), which allowed for committee meetings to be held remotely, the County Council resolved at its meeting on 5 May 2021 (before the expiry of the Regulations) that, for the present time, in light of the continuing Covid-19 pandemic circumstances, remote live-broadcast committee meetings should continue as informal meetings of the committee Members, with any formal decisions required being taken by the Chief Executive Officer under his emergency decision making powers and after consultation with other Officers and Members as appropriate and after taking into account any views of the relevant Committee Members and all relevant information. This approach has been periodically reviewed since that time and will be further reviewed by full Council at its February 2022 meeting.
- 2.3 Special school funding arrangements for 2022/23 will be impacted by a combination of:
- uplift factors applied to Banded allocations (for top-up funding)
 - the specific operation of the Minimum Funding Guarantee in the Special school sector at a national, and local, level.

- 2.4 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 financial pressure in 2021/22 is in the order of £2.5m; this will add to the accumulated High Needs Deficit of £8.7m as at 31st March 2021 resulting in a projected £11.2 accumulated High Needs deficit by 31st March 2022. Throughout the last year following the onset of COVID there has been a larger than budgeted increase in demand, these pressures are predicted to continue. The underlying financial pressure on the High Needs budget was expected to grow by approximately £1.5m - £2.5m in each of the next few years, but following the disruption from COVID our planning assumptions have been disrupted so the figure maybe greater.
- 2.5 The latest High Needs Block published allocation for 2022/23 amounts to £68.67m. From this figure the Education & Skills Funding Agency (ESFA) will make a deduction in respect of updated data on pupil numbers in special schools, the difference between the total number of high need places North Yorkshire commissions and provides, and the number of places they fund directly. Further revisions of this deduction for 2022/23 are expected in the spring, but the latest assessment of the recoupment figure is £6.8m, as per **Appendix 2**.
- 2.6 The Autumn 2021 Spending Review confirmed £1.6 billion funding for schools and high needs, for the 2022/2023 financial year, above the previous settlement for next financial year. £325 million of this funding has been allocated as additional high needs funding for the 2022/2023 financial year, on top of the Dedicated Schools Grant (DSG) High Needs Block allocations, calculated under the national funding formula and is subject to the same DSG conditions of grant. As part of this, North Yorkshire will receive additional funding of £2.63m for the 2022/23 financial year. The DfE have indicated that the extra funding recognises the additional costs that local authorities and schools will face in the coming year, which were not foreseen when the original high needs block allocations were calculated, including the Health and Social Care Levy. The additional funding also takes into account colleges and other providers offering extra hours of study to students with high needs potentially requiring extra high needs top-up funding to support those students.
- 2.7 In the absence of future funding certainty and with growing demand pressures, the local authority has developed and implemented an ambitious Strategic Plan for SEND 0-25. An evaluation and progress update of Year 1 of the plan was published in Summer 2020. As part of the strategic plan, the local authority has taken forward a number of initiatives to improve support for SEND in the county as well as reducing the overall cost. Careful and prudent consideration of formula costs through top-up funding for EHCPs has been part of that strategy. The local authority is aware of 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.
- 3.0 **BANDED FUNDING ALLOCATIONS (TOP UP ALLOCATIONS) & CONTEXTUAL FUNDING**
- 3.1 It is proposed that Banded Funding allocations will increase in line with an assumed rate of inflation of +2%. The banded funding allocation reflects costs incurred beyond the Element 2 funding allocation of £6,000. Due to this figure remaining constant for the eighth year in a row, the allocations for each banding will actually increase by greater than 2% with the highest percentage increases applying to the lower banding allocations. The new rates of funding are detailed below; these rates will apply across all settings in receipt of top-up funding.

	Funding Rates 2021-22	Funding Rates 2022-23 (including 2% inflationary increase)
Band 3	£0	£0
Band 4	£1,430	£1,580
Band 5	£3,500	£3,690
Band 6	£5,190	£5,420
Band 7	£8,090	£8,380
Band 8	£9,720	£10,040
Band 9	£13,610	£14,010
Band 10	£20,000*	£20,000*

- 3.2 It is proposed to increase the factor elements within the Contextual Funding by the assumed inflationary increase of +2%.
- 3.3 The assumed inflationary uplift of +2%, proposed to be applied to the banded funding rates, is also proposed to be applied to the top-up funding allocation of £8,280 for pupil referral unit and alternative provision settings. This will increase the top-up funding allocation for these settings to £8,570 for the 2022/23 financial year, providing an overall percentage uplift of +3.5%.
- 3.4 On the 16th December 2021 the DfE announced additional funding for High Needs of £2.6m, partly for the Health and Social Care Levy. At this point, detailed guidance on the application of the grant has not been issued by DfE.

4.0 MINIMUM FUNDING GUARANTEE FOR SPECIAL SCHOOLS 2022-23

- 4.1 The Minimum Funding Guarantee (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 2022/23, DfE has set the MFG protection level for special schools at 0% (as was the case in 2021-22) This is, however, in contrast with an MFG protection level of between +0.5% and +2% applicable for mainstream schools, and represents a funding cut in real terms due to the effect of annual inflation on costs. The Local Authority recognises the continued financial pressure experienced by Special Schools and consultation has been undertaken to consider the option of a +2% MFG for Special Schools in 2022/23 as well as the 0% level set by the DfE.
- 4.2 In terms of NYCC 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. The table below provides details of the impact of the MFG funding options at individual school level:

School	Option A 0% MFG	Option B 2% MFG
Brompton Hall	£0	£5,401
Welburn Hall	£268	£31,676
The Woodlands	£0	£18,676
The Dales	£0	£25,744
Springhead	£0	£17,675
The Forest	£0	£11,606
Springwater	£0	£28,854
Brooklands	£0	£16,550
Mowbray	£0	£31,221
Forest Moor	£153,026	£191,130
TOTAL COST	£153,294	£378,533

It needs to be noted that the final value of MFG may change significantly by the point that the actual budget determinations are made (due to changes in pupil numbers, commissioned place numbers and/or changes in the assessed needs of the pupils).

- 4.5 The DfE High Needs guidance makes no provision for the application of the MFG for alternative provisions.
- 4.6 A local funding consultation requested the views of special schools and academies on two options related to the level of the Minimum Funding Guarantee for 2022/23. The consultation results are detailed in the table below:

Option	MFG %	No. Responses Received Supporting Option
A	0%	1
B	2%	6
Total Responses		7

- 4.7 The majority of the responses received to the Consultation indicated support for a MFG of +2%
- 4.8 The North Yorkshire Schools Forum considered the results of the 2022/23 Special Schools & Academies Funding Consultation at their meeting on the 11th November 2021. The Schools Forum supported:
- A MFG of +2% for 2022/23;
 - An assumed inflationary increase of +2% being applied for the 2022/23 financial year to the Banded Funded allocations (Top Up allocations) for mainstream and special schools and academies and alternative provision settings.
 - An assumed inflationary increase of +2% being applied for the 2022/23 financial year to the factor elements within the Special school contextual funding.

5.0 FINANCIAL IMPLICATIONS

- 5.1 All funding discussed in this paper is part of the Dedicated Schools Grant (DSG). There is no direct impact on the Council's budget as a result of the recommendations in relation to

the level of the Minimum Funding Guarantee or the proposed inflationary increases to the Banded Funded allocations and Special school contextual funding.

6.0 LEGAL IMPLICATIONS

6.1 No specific legal implications are identified as a result of the recommendations contained within this report.

7.0 EQUALITIES IMPLICATIONS

7.1 An Equality Impact Assessment (EIA) initial screening has been completed, and is attached as **Appendix 1**. It is anticipated that there will be no impact on any persons with protected characteristics as defined by the Equality Act 2010.

7.2 At this stage of the EIA there is no evidence to suggest that the proposal made will significantly disadvantage one or more protected characteristics.

8.0 CONSULTATION UNDERTAKEN AND RESPONSES

8.1 A consultation was undertaken with all special schools and academies in North Yorkshire, following discussions with the North Yorkshire Schools Forum.

6.2 This consultation lasted from Wednesday 22nd September 2021 until Friday 22nd October 2021. Seven out of the ten special schools and academies within North Yorkshire have provided a response to the 2022/23 funding consultation giving a response rate of 70%.

7.0 RECOMMENDATIONS

7.1 Executive Members are asked to note the contents of this report, and to recommend to the Chief Executive Officer that using his emergency powers (as outlined in section 2) he agree that the Council applies:

- i. A Minimum Funding Guarantee (MFG) of +2% in the calculation of special school budgets for the 2022/23 financial year.
- ii. An assumed inflationary increase of +2% to the Banded Funding allocations (top up / element 3 allocations) received by mainstream and special schools and academies for the 2022/23 financial year.
- iii. An assumed inflationary increase of +2% to the Banded Funding allocations (top up / element 3 allocations) received by alternative provision settings for the 2022/23 financial year
- iv. An assumed inflationary increase of +2% to the factor elements within the Special school contextual funding.

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23 December 2021

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Background Documents:

Reports to the North Yorkshire Schools Forum:

- 18th March 2021
- 27th May 2021
- 16th September 2021
- 11th November 2021

<http://cyps.northyorks.gov.uk/nyep-meetings-and-agendas>

Appendices:

Appendix 1 – EIA

Appendix 2 – High Needs DSG Allocations for 2022-23