

NORTH YORKSHIRE COUNCIL

CHILDREN & YOUNG PEOPLE'S SERVICE

DIRECTOR'S MEETING WITH EXECUTIVE MEMBERS

18<sup>TH</sup> JULY 2023

**2024/25 DEDICATED SCHOOLS GRANT  
FUNDING CONSULTATION APPROVAL REQUEST**

1.0 PURPOSE OF THE REPORT

1.1 This report provides an overview of the funding consultations which are required to be undertaken in respect of the use of the 2024/25 Dedicated Schools Grant (DSG) budgets to determine the budgets for schools, special schools, and early years providers for the 2024/25 financial year. In addition, the report also provides details the potential requirement to consult with the early years sector in respect of the increased funding levels for early years providers from September 2023, as announced in the Spring 2023 Budget. CYPS Executive Members, in conjunction with the Corporate Director – CYPS, are asked to provide approval for consultations to be undertaken as follows:

a. With mainstream schools and academies within North Yorkshire on:

- The level of the Minimum Funding Guarantee (MFG) for 2024/25
- The methodology for the allocation to school budgets of any surplus funding available after the application of the National Funding Formula (NFF) factor values in the North Yorkshire school funding formula for 2024/25
- The methodology for the management of any funding shortfall in the event of the 2024/25 DSG Schools Block funding allocation being insufficient to fund the North Yorkshire school funding formula based on NFF factor values for the 2024/25 financial year.

b. With special schools and academies within North Yorkshire on:

- The level of the Minimum Funding Guarantee (MFG) for 2024/25, in the event of the funding level increase not being prescribed by the DfE.

c. With early years providers within North Yorkshire on:

- The early years provider base funding rates for 3 and 4-year-olds (universal and extended entitlement) and disadvantaged 2 year-olds for September 2023, in the event of the funding level increase not being prescribed by the DfE.
- The early years provider base funding rates for 3 and 4-year-olds (universal and extended entitlement), 2-year-olds (disadvantaged and working parents) and 9-month-olds of working parents (from September 2024) for 2024/25

- Any other funding consultation deemed to be required as a result of the expansion of early years funded provision during the 2024/25 financial year.

## 2.0 BACKGROUND

2.1 It is anticipated that the Department for Education (DfE) will provide information later in July 2023 on indicative funding levels and funding formula changes for the DSG Schools Block, High Needs Block and Central School Services Block for 2024/24. The DfE have also indicated that details of the funding increase for early years provision for 3 and 4-year-olds (universal and extended entitlement) and disadvantaged 2-year-olds for September 2023, as announced in the Spring 2023 Budget, will be published before the summer break. It is envisaged that similar indicative DSG funding information will be provided for the 2024/25 Early Years Block in late Autumn 2022. The determination of budgets from the DSG funding sources for mainstream schools, special schools and early years' providers require local decisions, and associated consultation, to be undertaken on the funding formula elements in respect of the level of the MFG and early years' provider base funding rates.

## 3.0 2024/25 SCHOOL BUDGETS

3.1 Subject to the publication of DfE guidance, it is intended to consult mainstream schools and academies in the Autumn 2023 term on the level of the MFG for the 2024/25 financial year.

3.2 In addition, in previous years, mainstream schools and academies have been invited to provide their views on the methodology to be used for the allocation to school budgets of any surplus funding available after the application of the NFF factor values in the North Yorkshire funding formula. It is intended to request views on this methodology for the 2024/25 financial year.

3.3 In the 2023/24 financial year there was a funding shortfall of £759k between the 2023/24 school budget funding requirement, based on the NFF values and providing a MFG of 0.5%, and the 2023/24 Schools Block DSG funding allocation. The funding shortfall of £759k was met from the Schools Block General DSG Reserve. Analysis of the reasons for the funding shortfall highlighted some significant changes in the profile of pupil characteristics between the October 2021 census and the October 2022 census within North Yorkshire. The characteristics where the largest changes were experienced was in the areas of Free School Meals (FSM & FSM6) and English as an Additional Language (EAL). The percentage of the primary pupil population eligible for FSM increased by approx.1% (16.58% to 17.55%) and the percentage of the secondary pupil population eligible for FSM increased by approx. 2% (14.21% to 16.18%); this resulted in an additional funding requirement on the FSM and FSM6 funding formula factors. The percentage of the pupil population recorded as EAL increased by 0.7% and 0.6% respectively for primary and secondary pupils resulting in an increased funding requirement on this formula factor. The methodology used by the DfE to calculate 2024/25 schools block DSG allocations will be based, in summary, on generating a primary unit of funding (PUF) and a secondary unit of funding (SUF) that is based on the 2024/25 NFF values applied to the pupil and school characteristics recorded in the October 2022 census. The units of funding are then applied to the pupil numbers recorded on the October 2023 census to calculate the actual 2024/25 Schools Block DSG funding allocation which will be notified by the DfE to the local authority in December 2023. Whilst this funding methodology reflects changes in pupil numbers, there is a time lag in the updating of the PUF and SUF values to reflect any increased

funding requirement related to a change in the profile of the characteristics within the pupil population. There is a continued risk of funding shortfall in the event of changes to the pupil profile characteristics between the October 2022 and October 2023 pupil censuses e.g. the proportion of pupils eligible for Free School Meals increases between October 2022 and October 2023. Mainstream schools and academies will be invited to provide their views on the options for managing any funding shortfall of this nature that arises for the 2024/25 financial year.

3.4 The indicative timescales for the consultation process are detailed in the table below:

Date	Process
21/09/2023	School Funding Update report to Schools Forum including details of 2024/25 school funding consultation
22/09/2023 – 27/10/2023	Consultation with schools & academies on 2024/25 school funding arrangements
23/11/2023	Consultation feedback considered by Schools Forum
05/12/2023	Outcome of consultation considered by CYPS Executive Members in conjunction with Corporate Director and associated proposals approved
13/12/2023	Communication of consultation outcome and associated decisions to schools & academies
09/01/2024	Final Decision by Full Executive on Mainstream School and Academy Budgets 2024/25

#### 4.0 2024/25 SPECIAL SCHOOL MINIMUM FUNDING GUARANTEE

4.1 The DfE set the Special School Minimum Funding Guarantee (MFG) protection for maintained special schools and special academies for 2023/24 by a condition of grant that applies to local authorities' DSG. In previous years', whilst the DfE have proposed a Special School MFG level, the final decision has been made locally by individual local authorities, after consultation with special schools and academies. NYC will undertake consultation with special schools and academies in the event that the DfE does not prescribe the level of the Special School MFG for the 2024/25 financial year and a local decision is required.

#### 5.0 2023/24 & 2024/25 EARLY YEARS PROVIDER FUNDING RATES

5.1 In the Spring 2023 Budget, Government announced the significant expansion of funded early years provision for working families, with 15 hours of funded provision being offered to the working parents of 2-year-olds from April 2024, 15 hours of funded provision being offered to the working parents of 9-month-olds from September 2024, and 30 hours funded provision for the working parents of 9-month-olds from September 2025.

5.2 The Spring 2023 Budget announcement also indicated additional funding for early years providers from September 2023. It is expected that the DfE will provide further information on the provider funding rate increase for September 2023 later in July. At this stage, it is expected that the DfE will prescribe the early years provider funding rate increases to be implemented from September 2023. However, if this is not the case, consultation will be undertaken with early years providers on the base funding rates for 3 and 4-year-olds (universal and extended entitlement) and disadvantaged 2-year-olds for September 2023. In this event, consultation results, and associated

recommendations, will be reported to CYPS Executive Members and the Corporate Director CYPS as soon as possible after the completion of any consultation exercise.

- 5.3 At this stage, the DfE have not confirmed the local authority early years funding rates for 2024/25. It is envisaged that this information will be received late Autumn 2023. Once the 2024/25 funding rates are received from the DfE, the local authority intends to consult with early years providers within North Yorkshire on the level of provider base funding rates for 3 and 4-year-olds (universal and extended entitlement), 2-year-olds (disadvantaged and working parents) and 9-month-olds of working parents (from September 2024) for 2024/25. The consultation is planned to be undertaken early in the Spring 2024 term. The consultation will include any other funding consultation items deemed to be required as a result of the expansion of early years funded provision during the 2024/25 financial year. The consultation results, and associated recommendations, will be reported to CYPS Executive Members and the Corporate Director CYPS in February / March 2024.

## 6.0 FINANCIAL IMPLICATIONS

- 6.1 The funding consultations considered in this paper are related to the Dedicated Schools Grant (DSG). There is no direct impact on the Council's budget.

## 7.0 LEGAL IMPLICATIONS

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

## 8.0 EQUALITIES IMPACT ASSESSMENT

- 8.1 Equalities Impact Assessments (EIAs) will be undertaken in respect of the consultations detailed in this report.

## 9.0 CLIMATE CHANGE IMPACT ASSESSMENT

- 9.1 Climate Change Impact Assessments (CCIAs) will be undertaken in respect of the consultations detailed in this report.

## 10.0 RECOMMENDATIONS

- 10.1 CYPS Executive Members, in conjunction with the Corporate Director – CYPS are asked to provide approval for consultations to be undertaken as follows:
- a. With mainstream schools and academies within North Yorkshire on:
    - The level of the Minimum Funding Guarantee (MFG) for 2024/25
    - The methodology for the allocation to school budgets of any surplus funding available after the application of the National Funding Formula (NFF) factor values in the North Yorkshire school funding formula for 2024/25
    - The methodology for the management of any funding shortfall in the event of the 2024/25 DSG Schools Block funding allocation being insufficient to fund the North Yorkshire school funding formula based on NFF factor values for the 2024/25 financial year.
  - b. With special schools and academies within North Yorkshire on:

- The level of the Minimum Funding Guarantee (MFG) for 2024/25, in the event of the funding level increase not being prescribed by the DfE.
- c. With early years providers within North Yorkshire on:
- The early years provider base funding rates for 3 and 4-year-olds (universal and extended entitlement) and disadvantaged 2-year-olds for September 2023, in the event of the funding level increase not being prescribed by the DfE.
  - The early years provider base funding rates for 3 and 4-year-olds (universal and extended entitlement), 2-year-olds (disadvantaged and working parents) and 9-month-olds of working parents (from September 2024) for 2024/25
  - Any other funding consultation deemed to be required as a result of the expansion of early years funded provision during the 2024/25 financial year.

STUART CARLTON

Corporate Director – Children and Young People’s Service

Report prepared by: Sally Dunn, Head of Finance – Schools, Early Years & High Needs