

NORTH YORKSHIRE COUNCIL

CYPS EXECUTIVE MEMBERS

7 NOVEMBER 2023

2024/25 FUNDING TRANSFER – SCHOOLS BLOCK DEDICATED SCHOOLS GRANT

1.0 PURPOSE OF THE REPORT

- 1.1 This report asks CYPS Executive Members to approve the submission of a disapplication request by North Yorkshire Council to the Department for Education (DfE), for consideration by the Secretary of State, for a 0.5% funding transfer from the 2024/25 Schools Block of the Dedicated Schools Grant (DSG) to the High Needs Block DSG. The disapplication request will be required to be enacted with the DfE in the event of the North Yorkshire Schools Forum not supporting the local authority proposed funding transfer at its meeting on 23 November 2023.

2.0 BACKGROUND

- 2.1 The DfE school funding regulations and DSG grant conditions allow local authorities to transfer up to and including 0.5% of their Schools Block DSG funding allocation to another block with the approval of the schools' forum. Where schools' forum approval is not provided or where the local authority wishes to transfer more than 0.5% of the schools' block to another block(s), the local authority is required to submit a disapplication request to the Secretary of State.
- 2.2 The High Needs Block DSG provisional funding allocation for 2024/25 amounts to £81.69m for North Yorkshire; an indicative increase of £3.83m compared to the 2023/24 financial year. Whilst the increase in High Needs funding is welcome, the funding increase needs to be considered against the position of continued financial pressures on the High Needs budget, with an estimated cumulative budget deficit of c£13m by 31 March 2024. The deficit position is forecast to continue to escalate for future financial years if the present demand trend for high needs support continues. The in-year deficit on the High Needs Block for 2024/25 is estimated to be £7.6m based on assumptions on the continued trend for an increase in the number of children and young people assessed as requiring a funded Education, Health and Care Plan (EHCP), inflationary pressures, the mix of placements across different types of education provision, and the likely increase in High Needs Block funding notified by the Department for Education.
- 2.3 In 2020-21, the DfE introduced the 'safety valve' intervention programme for those local authorities with the very highest percentage Dedicated Schools Grant (DSG) deficits, to support these authorities to address the financial deficits. This support included providing the authorities with additional funding over time to contribute to their historic deficits, contingent on delivery of the reforms. The DfE expanded the 'safety valve' intervention programme to other local authorities during 2021/22 and it was extended further in 2022/23, with the programme being reshaped as "Delivering Better Value (DBV) in SEND Support Programme". The programme continues to target those local authorities with the most substantial DSG deficits, on an iterative basis. North Yorkshire has been identified as one of 55 local authorities to receive intervention through the DBV programme. The programme will see North Yorkshire receive support, in the form of project management and change

management capacity to develop a three-year transformational programme, with the DfE providing grants directly to North Yorkshire to enable the local authority to implement and embed reforms, with ongoing support and challenge by DfE officials.

- 2.4 Given the significance of the levels of concern, at both local authority level and national DfE level, in relation to the High Needs budget deficit position within North Yorkshire, the local authority considers the transfer of 0.5% from the Schools Block DSG to the High Needs Budget for the 2024/25 financial year to be an appropriate part of the overall financial recovery plan strategy for the High Needs Budget.
- 2.5 Based on the revised 2024/25 school funding information provided by the DfE on 6 October 2023, the transfer of 0.5% of the 2024/25 Schools Block funding is estimated to be £2.18m. The transfer represents less than 30% of the currently estimated in-year High Needs Block deficit for 2024/25 of £7.6m.
- 2.6 The views of schools and academies within North Yorkshire on the proposed 0.5% funding transfer from the 2024/25 Schools Block DSG to the High Needs Block are currently being sought through the North Yorkshire 2024/25 School Funding Consultation. The Consultation closes on 8 November 2023. North Yorkshire Schools Forum members will consider the consultation responses at their meeting on 23 November 2023 and will provide a decision as to whether the funding transfer request is supported or not.
- 2.7 The DfE deadline for the submission of 2024/25 DSG block transfer disapplication requests is 17 November 2023. Unfortunately, the Schools Forum decision will not be available at this point. Subject to CYPS Executive Members approving the disapplication request, the DfE have confirmed that a disapplication request can be submitted in advance of the Schools Forum decision. In the event of the Schools Forum supporting the block transfer request, the DfE will be asked by the local authority to disregard the disapplication request. In the event of the Schools Forum not supporting the disapplication request, the local authority will notify the DfE of the position and will request that the disapplication request is progressed for consideration by the Secretary of State.
- 2.9 In the event of the disapplication request being required to be actioned, it is anticipated that the DfE will provide a decision on the request by mid-January 2024.

3.0 FINANCIAL IMPLICATIONS

- 3.1 The cumulative deficit on the North Yorkshire Council High Needs budget as at 31 March 2024 is estimated to be £13m. The in-year position on the High Needs budget for the 2024/25 financial year is currently estimated to be £7.6m, resulting in an accumulated forecast £20.6m deficit by 31 March 2025.
- 3.2 Any accumulated overspend on the High Needs budget will be required to be repaid from future High Needs Block funding allocations. In 2020, the government introduced a statutory override for a period of three years (up to end of March 2023) that meant that local authority's DSG deficits could be separated from their wider accounts. The government agreed an extension of the DSG statutory override for a further three years (up to end of March 2026) to provide time to work with local authorities to implement sustainable change, underpinned by (i) wider reform through the publication of the Department for Education's (DfE) SEND and AP Improvement Plan in early 2023, and (ii) Safety Valve and Delivering Better Value in SEND intervention programmes. The Statutory Instrument (SI): Local Authorities (Capital Finance and Accounting) (England) (Amendment) (No.2) Regulations

2022 came into force in December 2022. It should also be noted that a consultation has been launched on the 2024/25 Code of Practice on Local Authority Financial Reporting in the United Kingdom¹. CIPFA and CIPFA/LASAAC are of the view that significant steps should be taken by local authorities to anticipate the end to the regulations on DSG and General Fund balances ringfencing. Planning for the end of the regulations should feature in any medium-term financial plans. CIPFA and CIPFA/LASAAC are also of the view that section 151 officers would need to consider the resource implications and risks to their position regarding the use of the DSG adjustment account in their reports on the robustness of estimates under Section 25 of the Local Government Act 2003. In practical terms, this may well increase the pressure on local authorities to ensure that action plans/ spending reductions that address potential high needs deficits are put in place.

- 3.3 The North Yorkshire Council Budget / MTFs makes provision for the projected high needs overspend. It does this by ensuring that there is sufficient funding to pay for the statutory services which the council has a duty to deliver and any deficit on DSG is set to be earmarked on the balance sheet at the year-end. The Budget / MTFs also provides for an equal and opposite provision to offset the projected deficit. In this way the Council is able to offset any deficit but, should the DfE provide the appropriate level of additional funds, then the Council can re-claim the offsetting provision and reduce its level of projected funding gap. The Council is therefore not currently funding the DSG deficit but is funding provision for the possibility that it may need to in the future in line with good and prudent financial practice. The proposed funding transfer from the Schools Block DSG to the High Needs Block for the 2024/25 financial year would reduce the amount of Council budget provision required for this purpose.

4.0 LEGAL IMPLICATIONS

The proposal is in accordance with the Dedicated Schools Grant statutory conditions of grant.

5.0 EQUALITIES IMPLICATIONS

- 5.1 An equality impact assessment form is attached in Appendix 1.

6.0 CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

- 6.1 No climate change or environmental implications have been identified, through the completion of a Climate Change Impact Assessment (Initial Screening Form), with the proposal.

7.0 RECOMMENDATIONS

- 7.1 CYPs Executive Members are asked to:
- i. To note the current forecast deficit position on the High Needs budget within North Yorkshire of a cumulative deficit as at 31 March 2024 of c£13m; an in-year deficit position for the 2024/25 financial year of £7.6m, resulting in an accumulated forecast £20.6m deficit by 31 March 2025.

¹ <https://www.cipfa.org/policy-and-guidance/consultations/20242025-code-of-practice>

- ii. To approve the initial submission of the local authority disapplication request to the DfE, for consideration by the Secretary of State, to transfer 0.5% funding from the 2024/25 Schools Block DSG to the High Needs Block. The initial submission of the disapplication request is required in advance of the Schools Forum decision on the funding transfer request, which will be made at the meeting of the Forum on 23 November 2023, in order to comply with the DfE deadline of 17 November 2023 for disapplication request submissions.

STUART CARLTON

Corporate Director – Children and Young People’s Service

Report Prepared by: Howard Emmett, Assistant Director - Resources

Equality impact assessment (EIA) form: evidencing paying due regard to protected characteristics

(form updated June 2023)

2024/25 FUNDING TRANSFER – SCHOOLS BLOCK DEDICATED SCHOOLS GRANT

If you would like this information in another language or format such as Braille, large print or audio, please contact the Communications Unit on 01609 53 2013 or email communications@northyorks.gov.uk.



যদি আপনি এই ডকুমেন্ট অন্য ভাষায় বা ফরমেটে চান, তাহলে দয়া করে আমাদেরকে বলুন।

如欲索取以另一語文印製或另一格式製作的資料，請與我們聯絡。

اگر آپ کو معلومات کسی دیگر زبان یا دیگر شکل میں درکار ہوں تو برائے مہربانی ہم سے پوچھئے۔

Equality Impact Assessments (EIAs) are public documents. EIAs accompanying reports going to County Councillors for decisions are published with the committee papers on our website and are available in hard copy at the relevant meeting. To help people find completed EIAs, we also publish them in our website's Equality and Diversity section. This will help people to see for themselves how we have paid due regard in order to meet statutory requirements.

Name of Directorate and Service Area	Central Services - Resources
Lead Officer and contact details	Howard Emmett – Assistant Director – Resources howard.emmett@northyorks.gov.uk
Names and roles of other people involved in carrying out the EIA	Sally Dunn – Head of Finance – Schools, Early Years & High Needs sally.dunn@northyorks.gov.uk
How will you pay due regard? for example, working group, individual officer	The proposal will be subject to a school wide consultation process from 22 nd September 2023 ending 8 November 2023 and this EIA will be updated during and following the consultation responses. The item will be discussed at the North Yorkshire School Forum meetings on 21 st September 2023 and 23 rd November 2023.
When did the due regard process start?	Over recent years, there has been continued and increasing pressure on the High Needs

	<p>budget within North Yorkshire. The current forecast budget position is a cumulative deficit as at 31 March 2024 of c£13m; an in-year deficit position for the 2024/25 financial year of £7.6m, resulting in an accumulated forecast £20.6m deficit by 31 March 2025. This deficit position is forecast to continue to escalate for future financial years if the present demand trend for high needs support continues.</p> <p>North Yorkshire has been identified as one of 55 local authorities, with High Needs budget deficits, to receive intervention through the DfE Delivering Better Value (DBV) programme. The programme will see North Yorkshire receive support to address the High Needs budget deficit, in the form of project management and change management capacity to develop a three-year transformational programme, with the DfE providing grants directly to North Yorkshire to enable the local authority to implement and embed reforms, with ongoing support and challenge by DfE officials.</p> <p>Given the significance of the levels of concern, at both local authority level and national DfE level, in relation to the High Needs budget deficit position within North Yorkshire, the local authority considers the transfer of 0.5% from the Schools Block Dedicated Schools Grant (DSG) to the High Needs Budget for the 2024/25 financial year to be an appropriate part of the overall financial recovery plan strategy for the High Needs Budget.</p>
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Section 1. Please describe briefly what this EIA is about. (for example, are you starting a new service, changing how you do something, stopping doing something?)

The EIA considers the need to change how the Council's DSG is used for the 2024/25 financial year in respect of the funding blocks for High Needs and Schools.

The DfE school funding regulations and DSG grant conditions allow local authorities to transfer up to and including 0.5% of their Schools Block DSG funding allocation to another block with the approval of the schools' forum. Where schools' forum approval is not provided or where the local authority wishes to transfer more than 0.5% of the schools' block to another block(s), the local authority is required to submit a disapplication request to the Secretary of State.

Given the continued, increasing demand for High Needs Services for children & young people (0-25) and the resulting financial pressures in North Yorkshire, the Council considers the transfer of 0.5% from the Schools Block DSG to the High Needs Budget for the 2024/25 financial year to be an appropriate part of the overall financial recovery plan strategy for the High Needs Budget.

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Section 2. Why is this being proposed? What are the aims? What does the authority hope to achieve by it? (for example, to save money, meet increased demand, do things in a better way.)

The deficit on the High Needs Block DSG for NYC is forecast to be £13m at the end of the 2023/24 financial year. This position is forecast to deteriorate further for the 2024/25 financial year by a further £7.6m based on assumptions on the continued trend for an increase in the number of children and young people assessed as requiring a funded EHCP, inflationary pressures, the mix of placements across different types of education provision, and the likely increase in High Needs Block DSG funding for 2024/25 notified by the DfE.

Based on the revised 2024/25 school funding information provided by the DfE on 6 October 2023, the transfer of 0.5% of the 2024/25 Schools Block funding is estimated to be £2.18m. The transfer represents less than 30% of the currently estimated in-year High Needs Block deficit for 2024/25.

It is recognised that the proposed 0.5% funding transfer from the Schools Block to the High Needs budget for the 2024/25 financial year presents a cost pressure to school budgets. However, given the significance of the levels of concern, at both local authority level and national DfE level, in relation to the High Needs budget deficit position within North Yorkshire, the local authority feels that this option to be an appropriate part of the overall financial recovery plan strategy for the High Needs budget.

Section 3. What will change? What will be different for customers and/or staff?

The impact of the proposal, subject to support and agreement from the required stakeholders, will be to reduce the overall quantum of funding remaining in the Schools Block and allow for a corresponding increase in the overall funding available in the High Needs Block. The funding will remain ring-fenced to the overall Dedicated Schools Grant.

The level of deficit on the Council's DSG high needs budget will be partially mitigated by a transfer of funding from the Schools Block DSG and the High Needs budget. The transfer is reflective of the shared budget responsibility within the high needs system for the provision of support for pupils with SEN. However, it is recognised that any funding transfer will result in an additional cost pressure on school budgets.

The shift of funding from one block to another will have impacts on children and young people including those with protected characteristics (e.g. targeting of resources for children with SEND) in both the donor and recipient blocks. The Council's SEND Strategy sets out these details in terms of ensuring a continuum of SEND education across the County for children and young people aged 0-25.

From an individual school perspective, the benefits of this shift will be dependent upon the cohort and characteristics of the children in the schools. Each school will make a contribution to the transfer of funds but certain schools may benefit more than others in terms of their funding requirements from the High Needs Block.

The impact on individual schools may also vary in relation to the operation of the school national funding formula and the associated funding protection and affordability mechanisms.

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Section 4. Involvement and consultation (What involvement and consultation has been done regarding the proposal and what are the results? What consultation will be needed and how will it be done?)

The North Yorkshire Schools Forum was updated on the 2024/25 school funding arrangements and notified at its meeting the 21 September 2023 of the local authority intention to consult with schools and academies on the transfer of 0.5% funding from the Schools Block DSG to the High Needs Block.

The 2024/25 school funding consultation is currently being undertaken with schools and academies between 22 September 2023 and 8 November 2023. The consultation deadline has been extended from the 27 October 2023 in response to the DfE announcement on 6 October 2023 of updated 2024/25 school funding information.

The responses and results from the consultation exercise will be presented at the Schools Forum on 23 November 2023. This EIA will be updated accordingly in response to the consultation and Schools Forum feedback.

Section 5. What impact will this proposal have on council budgets? Will it be cost neutral, have increased cost or reduce costs?

Please explain briefly why this will be the result.

The specific proposal in the EIA is cost neutral as all costs will be contained within the ring-fence of the 2024/25 Schools and High Needs Block DSG. The proposed funding transfer from the Schools Block DSG to the High Needs Block for the 2024/25 financial year would reduce the amount of Council budget provision that is provided, in line good and prudent financial practice, to off-set the projected High Needs budget deficit.

Section 6. How will this proposal affect people with protected characteristics?	No impact	Make things better	Make things worse	Why will it have this effect? Provide evidence from engagement, consultation and/or service user data or demographic information etc.
Age	✓			The proposal to move funds from the Schools Block to High Needs Block within the Dedicated Schools Grant (DSG) will mean that the funding quantum will continue to be for the benefit of children and young people. No other age bands will be affected. The proposal will be applied to both primary and secondary schools. It is anticipated there will be no specific identifiable impact as a result of this proposal for this characteristic.
Disability		✓		13.2% (primary) and 11.6% (secondary) of the school population is at SEN Support and 2.3% (primary) and 2.5% (secondary) of the school population have Education Health and Care Plans (EHCPs). By transferring funding from the Schools Block in 2024/25, interim funding

				will ensure appropriate needs are met and children with these characteristics are less disadvantaged receiving the universal, targeted or specialist educational support they need.
Sex	✓			It is anticipated there will be no specific identifiable impact as a result of this proposal for this characteristic.
Race	✓			It is anticipated there will be no specific identifiable impact as a result of this proposal for this characteristic
Gender reassignment	✓			It is anticipated there will be no specific identifiable impact as a result of this proposal for this characteristic
Sexual orientation	✓			It is anticipated there will be no specific identifiable impact as a result of this proposal for this characteristic
Religion or belief	✓			It is anticipated there will be no specific identifiable impact as a result of this proposal for this characteristic
Pregnancy or maternity	✓			It is anticipated there will be no specific identifiable impact as a result of this proposal for this characteristic
Marriage or civil partnership	✓			It is anticipated there will be no specific identifiable impact as a result of this proposal for this characteristic

Section 7. How will this proposal affect people who...	No impact	Make things better	Make things worse	Why will it have this effect? Provide evidence from engagement, consultation and/or service user data or demographic information etc.
...live in a rural area?	✓			It is anticipated there will be no specific identifiable impact as a result of this proposal for this characteristic
...have a low income?	✓			It is anticipated there will be no specific identifiable impact as a result of this proposal for this characteristic
...are carers (unpaid family or friend)?	✓			It is anticipated there will be no specific identifiable impact as a result of this proposal for this characteristic
..... are from the Armed Forces Community	✓			It is anticipated there will be no specific identifiable impact as a result of this proposal for this characteristic

Section 8. Geographic impact – Please detail where the impact will be (please tick all that apply)	
North Yorkshire wide	✓
Craven district	
Hambleton district	

Section 8. Geographic impact – Please detail where the impact will be (please tick all that apply)	
Harrogate district	
Richmondshire district	
Ryedale district	
Scarborough district	
Selby district	
If you have ticked one or more districts, will specific town(s)/village(s) be particularly impacted? If so, please specify below.	

Section 9. Will the proposal affect anyone more because of a combination of protected characteristics? (for example, older women or young gay men) State what you think the effect may be and why, providing evidence from engagement, consultation and/or service user data or demographic information etc.
None identified

Section 10. Next steps to address the anticipated impact. Select one of the following options and explain why this has been chosen. (Remember: we have an anticipatory duty to make reasonable adjustments so that disabled people can access services and work for us)	Tick option chosen
1. No adverse impact - no major change is needed to the proposal. There is no potential for discrimination or adverse impact identified.	✓
2. Adverse impact - adjust the proposal - The EIA identifies potential problems or missed opportunities. We will change our proposal to reduce or remove these adverse impacts, or we will achieve our aim in another way which will not make things worse for people.	
3. Adverse impact - continue the proposal - The EIA identifies potential problems or missed opportunities. We cannot change our proposal to reduce or remove these adverse impacts, nor can we achieve our aim in another way which will not make things worse for people. (There must be compelling reasons for continuing with proposals which will have the most adverse impacts. Get advice from Legal Services)	
4. Actual or potential unlawful discrimination - stop and remove the proposal – The EIA identifies actual or potential unlawful discrimination. It must be stopped.	
Explanation of why the option has been chosen (include any advice given by Legal Services.)	

No significant adverse impacts have been identified from the EIA affecting one or more protected characteristic. Whilst it is acknowledged that the proposed 0.5% funding transfer from the Schools Block DSG to the High Needs budget for the 2024/25 financial year presents a cost pressure to school budgets, the funding reduction will be implemented proportionately across all primary and secondary schools. It is considered that the impact will be across all mainstream schools within North Yorkshire and no greater adverse impact will be experienced by anyone with a protected characteristic.

The 2024/25 school funding consultation will conclude on the 8 November 2023. This EIA will be updated accordingly in response to the consultation and Schools Forum feedback.

Section 11. If the proposal is to be implemented how will you find out how it is really affecting people? (How will you monitor and review the changes?)

The school financial governance processes operating within the LA monitor the position of school budgets and the associated impact on the operations of schools.

The high needs budget is monitored on a monthly basis, with quarterly formal reporting. There is also regular reporting of the DSG financial position to the Schools Forum and the High Needs Sub-Group.

North Yorkshire Council is participating in the DfE Delivering Better Value programme. Work under this programme involves in-depth analysis of the operation of the High Needs system, processes and support provision within the local authority.

Section 12. Action plan. List any actions you need to take which have been identified in this EIA, including post implementation review to find out how the outcomes have been achieved in practice and what impacts there have actually been on people with protected characteristics.

Action	Lead	By when	Progress	Monitoring arrangements
1. To undertake a formal consultation with schools	Howard Emmett – Asst. Director	8 November 2023		
2. To report outcomes to School Forum	Howard Emmett – Asst. Director	23 November 2023		

Section 13. Summary Summarise the findings of your EIA, including impacts, recommendation in relation to addressing impacts, including any legal advice, and next steps. This summary should be used as part of the report to the decision maker.

The Equality Impact Assessment has assessed the impact of the proposal to transfer 0.5% funding from the Schools Block DSG to the High Needs budget for the 2024/25 financial year. The key actions are

- To consultation all schools and academies in North Yorkshire on this proposal through the LA 2024/25 school funding consultation.

- To report findings, conclusions and recommendations to the School Forum
- To submit a disapplication request to the DfE, for consideration by the Secretary of State, in the event of the North Yorkshire Schools Forum not supporting the LA funding transfer proposal

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

Section 14. Sign off section

This full EIA was completed by:

Name: Sally Dunn

Job title: Head of Finance – Schools, Early Years & High Needs

Directorate: Central Services - Resources

Signature: *Sally Dunn*

Completion date: 18/10/2023

Authorised by relevant Assistant Director (signature):

Date: