

NORTH YORKSHIRE COUNCIL
CORPORATE DIRECTOR MEETING WITH EXECUTIVE MEMBERS
19 MARCH 2024
HIGH NEEDS BUDGET 2024-25
REPORT OF THE CORPORATE DIRECTOR - CYPS

1.0 PURPOSE OF REPORT

- 1.1 This report summarises the expected budget for the High Needs Block in 2024-25 and outlines the extent of the anticipated financial pressure.

2.0 SUMMARY

- 2.1 On 21 February 2024, Full Council approved a recommendation (13.1f) from a Joint Report of the Chief Executive and the Corporate Director, Resources that:

“...the Corporate Director – Children and Young People’s Service is authorised, in consultation with the Corporate Director, Resources and the Executive Members for Schools and Finance, to take the final decision on the allocation of the [High Needs Block].”

- 2.2 This paper outlines the high-level High Needs Block funding position, the anticipated expenditure and projected in-year deficit position. The outline includes information on the current and projected accumulated deficit position. The paper also refers to decisions made by Executive on 9 January 2024 in relation to Special School budgets and E3 top-up banding payments as well as mitigating actions that the local authority is exploring in order to reduce the unfunded financial pressure.

2.0 HIGH NEEDS BLOCK FUNDING

- 2.1 The anticipated overall High Needs Block allocation available for North Yorkshire in 2024-25 is £82.150m. This allocation is inclusive of the additional funding announced in the Government Autumn 2022 Spending Review to support increased financial pressures within High Needs, which has now been incorporated into the baseline funding allocation for 2024-25. This initial value includes an anticipated import/export adjustment (made to reflect cross-border movement of pupils living in one local authority who attend provision in another). Adjustments for 2024/25 will be finalised by the DfE in early Summer 2024. The total allocation figure is then reduced by the Education Skills and Funding Agency (ESFA) in relation to funding provided directly to academies and for some post-16 provision. North Yorkshire is currently estimating place deductions of £7.403m resulting in a net funding allocation to the local authority of £74.747m. This provides an estimated overall cash increase of £3.281m compared to the adjusted baseline figure for 2023/24. Our assessment is that, following the incorporation of ESFA deductions (for those areas of activity where they have direct

funding responsibility), the allocation represents a +4.6% increase in funding compared to the 2023-24 baseline allocation. The final High Needs Block figure will not be known until June 2024 following confirmation of the import/export adjustment. **Table 1** summarises the anticipated funding position.

Table 1: HNB Funding Position

	2023-24	2024-25	Variance
	£m	£m	£m
High Needs Block allocation	77.859	82.150**	4.291
ESFA Deductions	(6.393)	(7.403)*	(1.010)
North Yorkshire LA allocation	71.466	74.747	3.281

* These figures are the LA's latest prediction as at 27/02/2024

**Latest High Needs DSG funding position provided by DfE

2.2 Changes in government regulations since January 2020 prohibit the local authority from using its general resources to fund any overspend in the High Needs Block (and any other DSG blocks). However, the local authority has chosen to set aside a provision to mirror any projected in-year High Needs Block deficits in order to adhere to its sound and prudent financial management principles. The intention is to continue to ensure provision will be held in place until such a time that the overall cumulative High Needs Budget deficit has been fully recovered.

2.3 The level of increase in the national funding quantum is insufficient to enable local authorities to respond to the combination of pay and price inflation and increased demand for support. Inequities in the distribution of resources between local authorities need to be addressed. An assessment of this scenario has been developed into a “fact sheet” that was distributed to school leaders and Governors in January 2024 (**see Appendix 1**). Some of the key issues highlighted in that document are:

- The way that the Department for Education determine how much each local authority receives depends on a number of factors, including:
 - Historic spend factor – this bears no resemblance to the needs of today and means local authorities with similar SEND responsibilities can receive different funding levels
 - Deprivation factors – which do not mirror demand in North Yorkshire
- North Yorkshire’s High Needs funding is ranked 142 out of 151 local authorities (per head of population aged 2-18)
- To put this into context, North Yorkshire gets £644 per pupil; the top-funded local authority gets £1,154 per pupil

3.0 HIGH NEEDS BUDGETS

3.1 The proposed budget for High Needs has been prepared building in provisional estimates for increased numbers of children and young people assessed as requiring Education, Health and Care Plans. This reflects recent trends, known planned movements and best estimates of future demand. The proposed High Needs Budget for 2024-25 is outlined in **Table 2** below:

Table 2: High Needs Budget

	2024-25
	£k
High Needs Commissioning	75,024
Alternative Provision	1,842
Inclusion	1,781
Hubs & SEN Provision	3,709
Financial Support	54
DSG Overheads	420
Estimated Spending	82,830
Estimated Funding	74,748
School's Block Transfer (0.5%)	2,183
Estimated In-year Deficit	5,899
Projected In-year Deficit	5,899
Projected Accumulated Deficit B/f	13,644
Projected Accumulated Deficit C/f	19,543

- 3.2 In total, anticipated expenditure in 2024-25 amounts to £82.8m with a provisional projected shortfall of £5.9m. It should be noted that c.90% of anticipated spend is within High Needs Commissioning. This principally funds special school commissioned places and top-up funding, mainstream Element 3 top-up funding, independent and non-maintained special school commissioned places and special provision institution (SPI) commissioned places. The figures included in section 3.1 reflect the latest estimates and will be closely monitored throughout the year.
- 3.3 For financial planning purposes, the 2024-25 High Needs Commissioning budget supports approximately 5,100 FTE children and young people assessed as requiring Education, Health and Care Plans (EHCPs). In reality, the number of children currently supported is in excess of this. The financial planning assumptions indicate that there will be an increase of approximately 545 children and young people financially supported through EHCPs in 2024-25 in different types of provision. This represents an expected increase in demand of 12% in the next year alone.
- 3.4 The High Needs Commissioning Budget of £75,024k represents the single largest area of spending; most of the financial pressure in the last three years has been in this area. The budget, outlined in **Table 3**, comprises:

Table 3: High Needs Commissioning Budget 2024-25

	£k	%
North Yorkshire Special Schools	24,823	33.1
Independent and Non-maintained Special Schools	16,145	21.5
North Yorkshire Mainstream School E3 Top-up Funding	12,255	16.3
Other Local Authority provision	3,408	4.5
PRU's	3,320	4.4

Pooled Budget	3,160	4.2
Special Provision Institutions	2,777	3.7
FE Colleges	2,416	3.2
Personalised Learning Pathways	2,143	2.9
Targeted Mainstream Provision	1,336	1.8
Early Years	1,263	1.7
Education Other Than at School (EOTAS)	941	1.3
Independent Learning Providers (ILP's)	812	1.1
Other	225	0.3
Total	75,024	100

3.5 49.4% of the High Needs Commissioning is spent directly with schools and academies in North Yorkshire, with 33.1% targeted at supporting the ten special schools in North Yorkshire to develop and deliver provision to meet the needs of children and young people locally. However, £16,145k is spent on approximately 250 places in independent and non-maintained special schools. This represents over 20% of the High Needs Commissioning Budget and represents an increase in absolute cost and an increase in overall share of the total spend compared with 2023-24. This continues to represent a high per pupil cost to the overall budget.

3.6 The budget shown in **Table 2** and **Table 3** contains a number of initiatives which have been developed through the SEN Programme Board and the Delivering Better Value in SEND programme (discussed in **section 6** below). **Table 4** details the mitigating actions identified for 2024-25; a total of £3.8m of financial mitigations have been factored into the budget presented in **Table 1**, the additional £1m are being considered in addition to the budget projections presented.

Table 4: High Needs Programme Board and Delivery Better Value in SEND programme financial mitigations

Description	2024-25 £k
Transfer of 0.5% Schools Block funding to High Needs Block for 2024-25	2,180
E3 Banding increases at 1.9%	500
Targeted Mainstream Provision	117
SEN Inclusion Fund within the Early Years Block	1,050
Total confirmed in Budget	3,847
Additional "stretch" mitigations (see section 6.5)	1,067
TOTAL POTENTIAL SAVINGS	4,914

3.7 The in-year projected deficit of £5,899k outlined at **section 3.1** is, therefore, potentially reduced by 'stretch' mitigations of up to £1,067k. If confirmed, this would reduce the in-year deficit to £4,832k.

3.8 Whilst the local authority cannot fund the high needs deficit directly (**see section 7**), a prudent and responsible financial management approach has resulted in Full Council agreeing to establish an equal and opposite 'mirror' reserve. For 2024-25, a local authority provision for high needs has been set at £4.8m.

4.0 SPECIAL SCHOOLS

4.1 The Special schools funding formula for 2024-25 was agreed by Executive on 9 January 2024, taking into account the following specific aspects of the budget allocations:

- The specific operation of the Minimum Funding Guarantee (MFG) for special schools;
- The requirements placed on local authorities by the DfE for the allocation of the additional High Needs funding in 2023/24;
- The inflationary uplift factors applied to banding allocations (for top-up funding) and contextual funding

4.2 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. The authority has determined that this rate should be set at +0.5% for Special schools for the 2024-25 financial year.

Table 5: Element 3 Banding Allocations

	Funding Rates 2023-24	Funding Rates 2024-25
Band 3	£0	£0
Band 4	£1,810	£1,850
Band 5	£3,990	£4,070
Band 6	£5,770	£5,880
Band 7	£8,820	£ 8,990
Band 8	£10,530	£ 10,740
Band 9	£14,620	£ 14,900
Band 10*	£20,000*	£20,000*

*actual allocations dependent on Placement Resource Panel evaluation

4.3 The Executive confirmed approval for Banded Funding allocations to increase at a rate of +1.9% for the 2024-25 financial year. As has been the case in previous years, the same rate of increase will also be applied to Element 3 allocations for pupil referral units and alternative provision settings.

4.4 Executive approval was also provided to increase the factor elements within the Special Schools Contextual Funding by +1.9% for the 2024-25 financial year, as well as the applying that rate of increase to residential placements in Special schools

4.5 Special school funding statements have been prepared and shared with North Yorkshire special schools reflecting the above decisions, alongside accompanying guidance on how the formula allocations have been determined and incorporating the assessment of the commissioned places for the 2024-25 academic year.

4.6 The Special School budget for 2024-25 is based upon a combination of 1,203 commissioned places for the 2023/24 academic year and 1,289 commissioned places for the 2024/25 academic year. However, as has been well rehearsed within the SEN Capital programme, there is an acute need to enhance capacity, both in terms of the overall level of capacity in the sector and meeting specific gaps in the existing range of provisions. Furthermore, the development of significant additional capacity (through the development of the two free schools in Selby and Northallerton, the development

of a new Secondary Autism provision in Harrogate, and the significant expansion of Springwater Special school) are a cornerstone of our High Needs programme as we are forecasting that we will be able to support a significant number of young people in our specialist provisions who would otherwise need support through an independent sector placement.

5.0 PUPIL REFERRAL SERVICE

- 5.1 The Pupil Referral Service / Alternative Provision budget for 2024-25 has been constructed on the basis that planned commissioned places at all settings will be at the same level of local authority commissioned places in the 2024-25 academic year as in the 2023-24 academic year (i.e. 168 places). Top-up funding allocations (Element 3 funding) and preventative place funding allocations will be increased in line with the inflationary uplift described in **section 4** above.
- 5.2 The Local Authority has maintained the number of preventative places for the 2024/25 academic year at the same level as in the 2023/24 academic year. The uptake of these preventative places does vary between establishments and whilst some establishments have made significant positive progress in increasing the number of young people through this route, that position is not universal. Therefore, the Inclusion Team will be undertaking a review of the position during the summer term to inform the commissioning of these places for the 2025/26 academic year.
- 5.3 One area which is currently being reviewed for the financial year 2024-25 relates to the introduction of revised funding responsibilities for pupils unable to attend schools because of medical needs from April 2024. The new guidance from the DfE, issued in December 2023, outlined the scope for local authorities to discuss with host schools a potential contribution from the host school. The local authority has considered this to mean either AWPU funding or AWPU plus some other direct funding elements within the national funding formula. Consideration is underway to assess whether the local authority will seek to recover funding from schools where pupils are referred into the Medical Education Service during the 2024-25 financial year (in line with the principle that funding should follow the child).
- 5.4 This issue was discussed at the High Needs Funding sub-group in February 2024. The group provided appropriate challenge as to how the DfE guidance should be implemented and the local authority has reflected on those challenges:
- Any arrangements should be simple and easy for schools to follow;
 - Concern that funding adjustments should be predictable and that, if possible, there should not be in-year adjustments (as schools have already formulated their budget plans for the financial year in question);
 - Concern that there are specific and significant resource implications for schools associated with supporting young people being supported by AV
- 5.5 Consequently, if revised arrangements are introduced, the local authority is minded that:
- New arrangements would be introduced with appropriate communications in advance to schools (potentially from 1 June 2024) – but would only apply to new referrals to the medical education service after the planned implementation date;

- Funding recovery would be applicable from Day 1 of the Medical Education Service providing support to the young person;
- Where young people are being supported through the deployment of an AV1 (robot), there are resource implications for the school in overseeing how that young person interacts with the curriculum. Therefore, the local authority would be minded to operate a discount on the level of AWPU recovery in these circumstances – and because of the positive opportunity that the AV1 devices represent, that discount rate would be set at 100%.

6.0 NEXT STEPS – DEFICIT MANAGEMENT PLAN, DELIVERING BETTER VALUE AND HIGH NEEDS BUDGET IMPROVEMENT PLAN

- 6.1 The overall financial position on the High Needs budget is such that the local authority needs to continue to work to identify potential efficiency improvements and opportunities to support young people more cost effectively, which will complement the initiatives already in place within the SEND Strategic Plan.
- 6.2 During the course of the second half of 2023, the local authority has worked intensively with the Delivering Better Value in SEND programme, sponsored by the Department for Education. Regular updates have been shared with both the North Yorkshire Schools Forum and the Forum’s High Needs Sub-group – and the process has resulted in:
- the development of the ‘Developing Inclusive Communities’ workstream to the High Needs Improvement programme, and;
 - the Delivering Better Value in SEND grant application (currently awaiting feedback on whether this application has been approved by the DfE)
- 6.3 As part of the Delivering Better Value grant application, local authority officers have worked intensively upon updating the local authority High Needs Budget Deficit Management Plan. Analysis indicates that without any mitigating actions, the demand and cost pressures on the High Needs Block would result in an accumulated deficit of c.£96 million by the end of the 2027-28 financial year. With a range of mitigating actions, including the anticipated outcomes from the Delivering Better Value workstreams, the assured mitigations of our approved SEN Capital programme and accelerated expansion of the TMP programme, and the further initiatives within the high needs improvement programme, it is currently estimated that the accumulated financial deficit could be reduced by £51 million - reducing the anticipated accumulated deficit to c.£45 million by the end of the 2027-28 financial year. The above analysis has been predicated upon the assumption that High Needs DSG will only increase by 3% per annum – in line with the current DfE published policy position and that North Yorkshire will see no financial benefit from any redistribution within the high needs national funding formula for local authorities.
- 6.4 Work will continue to refine the local authority Deficit Management Plan. In addition, work will continue on the four key workstreams within the High Needs Improvement programme, and that work will inform the updated version of the Deficit Management Plan.

Workstream 1: Funding Issues

Workstream 2: Delivering Inclusive Communities

Workstream 3: Provision related issues

Workstream 4: SEN Casework

- 6.5 As discussed in **section 3**, the budget forecast includes potential additional financial mitigations in 2024-25 of circa £1.1m from other initiatives across the workstreams. Amongst the areas under consideration are the precise impact in 2024-25 of the Delivering Better Value in SEND workstreams and the potential to reduce expenditure on independent sector placements through the reintegration of young people into specialist or mainstream school places.
- 6.6 Throughout the Delivering Better Value in SEND programme, the local authority has sought to evidence how it is committed to working collaboratively with partners, school leaders, parents, and carers to both identify and research any opportunities to utilise available resources and assets more effectively. The evidence-gathering and review of practice within the DBV in SEND process was considerably enhanced by the commitment and input from the North Yorkshire school community and partners across the High Needs system. The local authority will continue to reach out to network groups and work closely with the Schools Forum and the Forum's High Needs Sub-Group.

7.0 FINANCIAL IMPLICATIONS

- 7.1 The detailed financial implications High Needs Block budget position is outlined in sections 3 through to section 6. The summary position is that, following a block transfer of 0.5% of the Schools Block to the High Needs Block of £2.18m, there is a projected in-year deficit of £5.9m. There is potential to reduce this pressure to £4.8m through further mitigating actions. This compares with a mirror in-year LA provision of £4.8m.
- 7.2 Whilst sufficient and prudent provision has been made to mirror the projected High Needs deficit, it is essential that there is robust financial and programme governance to ensure clear management oversight of financial arrangements. The Corporate Director – CYPS, will chair a monthly programme board to review and manage progress against the Deficit Management Plan.
- 7.3 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 DSG deficits could be separated from their wider accounts. The government has 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.
- 7.4 Whilst the 2024-25 local authority budget provision for high needs of £4.8m mirrors the projected high needs deficit, ensuring that there is sufficient LA reserve provision to meet any accumulated high needs deficit is dependent on:
- the final 2023-24 high needs block outturn position;
 - refinement, agreement, and delivery of the Deficit Management Plan for high needs;
 - demand remaining in line with budgeted assumptions;

- close management oversight of demand and cost pressures to ensure that they remain consistent with budgeted assumptions.

8.0 LEGAL IMPLICATIONS

- 8.1 The Council is under statutory duties to deliver special educational provision contained in a pupil's Education, Health and Care Plan for those pupils that live within our area.
- 8.2 The Council is under a statutory duty to ensure that it keeps education and social care provision under review for children and young people who have special educational needs or a disability. The Council must consider the extent to which the provision is sufficient to meet the educational needs, training needs and social care needs of the children and young people concerned.
- 8.3 The Council is also under statutory duties regarding the authority's finances, and how it manages the High Needs Budget.

9.0 EQUALITIES IMPLICATIONS

- 9.1 The Council must demonstrate that it pays due regard in developing budget proposals and in its decision-making processes to eliminate discrimination, advance equality of opportunity, and foster good relations between different people when carrying out their activities with regard to the protected characteristics of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation. This includes taking account of the additional compounding factors such as the rural nature of the Council's geography and the cumulative impact of proposals on groups with protected characteristics. The impact of proposals and decisions on the Council's activities as a service provider and an employer must be considered.
- 9.2 The Council has carried out an equality impact assessment (EIA) to highlight which protected groups may be affected by the proposed High Needs Budget in 2024-25, to identify any emerging themes and cumulative impacts, and to consider them within evidence gathering and more detailed EIAs. Executive Members are required to read the EIA to inform their decision-making and ensure legal compliance with the public sector equality duty under the Equality Act 2010. There must be conscientious consideration by Executive Members, as decision-makers, of the impact of the proposed High Needs Budget on the relevant groups. This duty cannot simply be discharged by officers and due regard must be paid by Executive Members.
- 9.3 Pursuant to Section 149 Equality Act 2010, the Council must, in the exercise of its functions, have due regard to the need to:
- (a) eliminate discrimination, harassment, victimisation, and any other conduct that is prohibited by or under the Equality Act 2010;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 9.4 An Equality Impact Assessment has been completed in respect of the proposed High Needs Block Budget for 2024-25 and it can be found at **Appendix 2**. It is anticipated

that there will be no impact on any persons with protected characteristics as defined by the Equality Act 2010. Any potential adverse impacts will be mitigated by the fact that the Council has statutory duties to deliver all special educational provision in a pupils Education, Health and Care Plan (see **section 8**). Any further proposals brought forward will be reviewed and assessed and individual EIAs will be undertaken as appropriate.

10.0 CLIMATE CHANGE IMPLICATIONS

10.1 No climate change or environmental implications have been identified, through the completion of a Climate Change Impact Assessment (CCIA) (Initial Screening Form), with the High Needs Block Budget 2024-25 proposals outlined in this report. The CCIA can be found at **Appendix 3**.

11.0 REASONS FOR RECOMMENDATIONS

11.1 As outlined in **section 2**, it is the responsibility of the Corporate Director – CYPS, in conjunction with the Corporate Director, Resources and the Executive Members for Finance and Schools to take a decision on the High Needs Budget for 2024-25. Recommendation 13.1f in a Joint Report of the Chief Executive and Corporate Director, Resources which was approved by Full Council on 21 February 2024 sets out the delegated authority for this decision.

12.0 RECOMMENDATIONS

The Corporate Director – CYPS, in conjunction with the Corporate Director, Resources and the Executive Members for Finance and Schools are asked to:

- i) note the financial position and financial projections within the High Needs Block for 2024-25
- ii) approve the High Needs Block budget set out in **Table 2** and **Table 3**

APPENDICES:

Appendix 1 – High Needs briefing to Schools Forum

Appendix 2 – Equalities Impact Assessment

Appendix 3 – Climate Change Impact Assessment

BACKGROUND DOCUMENTS:

Full Council (21 February 2024): Revenue Budget for 2024/25 & Medium Term Financial Strategy 2025/26 to 2026/27 (Joint Report of the Chief Executive and the Corporate Director, Resources: [Budget Report to Council.pdf \(northyorks.gov.uk\)](#))

Executive (9 January 2024): Mainstream Schools and Special Schools Budget (Report of the Corporate Director – Children and Young People’s Services) [Report.pdf \(northyorks.gov.uk\)](#)

Schools Forum (23 November 2023): High Needs Block Update [Item 2.1- High Needs Block Update.pdf \(northyorks.gov.uk\)](#)

Schools Forum (21 September 2024): High Needs Budget [Item 2.2 - High Needs Budget update.pdf \(northyorks.gov.uk\)](#)

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8th March 2024

Report Author – Howard Emmett, Assistant Director – Resources (CYPS)
Presenter of Report - Howard Emmett, Assistant Director – Resources (CYPS)

Note: Members are invited to contact the author in advance of the meeting with any detailed queries or questions.

High Needs Funding in North Yorkshire

January 2024

- North Yorkshire's headline funding is £82m in 2023-24¹
 - Over 95% of High Needs funding is paid to education providers (primary, secondary and special schools, PRS and AP, independent schools, individualised learning providers).
 - The number of EHCPs stood at 4,713 as at October 2023 compared with just c.1,750 in January 2015
 - Demand has risen consistently year-on-year since 2015 with changes to the SEN Code of Practice in 2014 and the new legislative changes set out in the Children and Families Act 2014
 - North Yorkshire receives the lowest £ per head in terms of high needs capital allocations
 - The high needs capital funding we receive is used for:
 - Expanding the number of Targeted Mainstream Provisions
 - Contributing to the costs of establishing new free special schools in Selby, Northallerton and Scarborough
 - We continue to lobby for a fairer funding deal for children and young people in North Yorkshire.
 - North Yorkshire had a cumulative deficit of £10m in March 2023 – this is expected to rise to c.£13m by March 2024
 - We are part of the f40 group of lowest-funded local authorities. f40 estimates that the cumulative local authority high needs budget deficit is estimated to be around £2.3bn and that this is expected to rise to around £3.6bn by March 2025.
- North Yorkshire is working with the DfE's 'Delivering Better Value in SEND' programme. So far, the programme has shown that although North Yorkshire manages costs well, meeting the costs of future growth and inflation is likely to negate any savings arising from mitigating actions.
 - The way that DfE determine how much each local authority receives depends on a number of factors, including:
 - Historic spend factor – this bears no resemblance to the needs of today and means local authorities within similar SEND responsibilities can receive different funding levels
 - Deprivation factors – which do not mirror demand in North Yorkshire
 - North Yorkshire's High Needs funding is ranked 142 out of 151 local authorities (per head of population aged 2-18)
 - At average levels of funding, North Yorkshire would receive an additional c.£18m per annum. Although we do not expect to be funded at average, there is a significant difference between the average funding per head of population and the amount received by North Yorkshire
 - To put this into context, North Yorkshire gets £644 per pupil; the top-funded local authority gets £1,154 per pupil
 - Special school base funding has been at £10,000 a place for around 11 years.

This briefing note is intended to provide Headteachers, Governors and SENCOs with headline information regarding High Needs funding in North Yorkshire and information on the national context.

If you require further information, please email: schoolfinancialgovernance@northyorks.gov.uk

¹ before academy recoupment and import/export adjustments

Initial Climate Change Impact Assessment (Form created August 2021)

The intention of this document is to help the council to gain an initial understanding of the impact of a project or decision on the environment. This document should be completed in consultation with the supporting guidance. Dependent on this initial assessment you may need to go on to complete a full Climate Change Impact Assessment. The final document will be published as part of the decision-making process.

If you have any additional queries, which are not covered by the guidance please email climatechange@northyorks.gov.uk

Title of proposal	2024-25 High Needs Budget
Brief description of proposal	The proposal relates to the setting and approval of the High Needs budget for the 2024-25 financial year. Under the Children and Families Act 2014, the Council has a statutory responsibility to support the assessed needs of the children & young people with special education needs & disabilities (SEND). Under the School Standards & Framework Act 1998 and School Early Years Finance England Regulations 2020 the Council has statutory duties to set the non-schools education budget (including the High Needs Budget). The wider budget setting by County Council members on 21 st February 2024 delegated the decision to set the High Needs Budget to the Corporate Director - Children & Young Peoples Service, in conjunction with the Corporate Director, Resources and Executive Members for Finance and Schools.
Directorate	Children and Young People's Services Directorate
Service area	Inclusion
Lead officer	Howard Emmett, Assistant Director, Resources (CYPS)
Names and roles of other people involved in carrying out the impact assessment	Sally Dunn – Head of Finance – Schools, Early Years & High Needs

The chart below contains the main environmental factors to consider in your initial assessment – choose the appropriate option from the drop-down list for each one.

Remember to think about the following;

- Travel
- Construction
- Data storage
- Use of buildings
- Change of land use
- Opportunities for recycling and reuse

Environmental factor to consider	For the county council	For the county	Overall
Greenhouse gas emissions	No effect on emissions	No Effect on emissions	No effect on emissions
Waste	No effect on waste	No effect on waste	No effect on waste
Water use	No effect on water usage	No effect on water usage	No effect on water usage
Pollution (air, land, water, noise, light)	No effect on pollution	No effect on pollution	No effect on pollution
Resilience to adverse weather/climate events (flooding, drought etc)	No effect on resilience	No effect on resilience	No effect on resilience
Ecological effects (biodiversity, loss of habitat etc)	No effect on ecology	No effect on ecology	No effect on ecology
Heritage and landscape	No effect on heritage and landscape	No effect on heritage and landscape	No effect on heritage and landscape

If any of these factors are likely to result in a negative or positive environmental impact then a full climate change impact assessment will be required. It is important that we capture information about both positive and negative impacts to aid the council in calculating its carbon footprint and environmental impact.

Decision (Please tick one option)	Full CCIA not relevant or proportionate: <input checked="" type="checkbox"/>	Continue to full CCIA: <input type="checkbox"/>
Reason for decision	No environmental factor effects have been identified with the 2024-25 High Needs budget proposals.	
Signed (Assistant Director or equivalent)	Howard Emmett	
Date	4 th March 2024	

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

(Form updated May 2015)

High Needs Block Budget 2024-25

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 to find completed EIAs we also publish them in the Equality and Diversity section of our website. 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	North Yorkshire Council: Central Services
Lead Officer and contact details	Howard Emmett - Assistant Director – Resources (CYPS)
Names and roles of other people involved in carrying out the EIA	Janet Crawford, Assistant Director – Inclusion Sally Dunn – Head of Schools, High Needs and Early Years Finance Martin Surtees – Senior Finance – Projects Leanne Stables – Head of Finance (CYPS)
How will you pay due regard? e.g. working group, individual officer	This work has been overseen by the High Needs Funding Officer Group. Monitoring

	<p>takes place via the Children and Young People's Leadership Team.</p> <p>The High Needs Funding Subgroup of the Schools Forum and the Schools Forum itself have advisory roles.</p> <p>Changes in budget are informed by anticipated demand pressures and known changes and DfE High Needs funding policy.</p> <p>The decision on the allocation of the High Needs Block Budget has been delegated to the Corporate Director – Children and Young People's Service in consultation with the Corporate Director, Resources and Executive Members for Finance and Schools.</p>
When did the due regard process start?	Work on the High Needs Budget 2024/25 has been ongoing since Summer 2023.

Section 1. Please describe briefly what this EIA is about. (e.g. are you starting a new service, changing how you do something, stopping doing something?)

Under the Children and Families Act 2014, the Council has a statutory responsibility to support the assessed needs of the children & young people with special education needs & disabilities (SEND). Under the School Standards & Framework Act 1998 and School Early Years Finance England Regulations 2020 the Council has statutory duties to set the non-schools education budget (including the High Needs Budget). This EIA considers the cumulative impact of changes in High Needs Budget informed by the wider budget setting by County Council members on 21st February 2024 where the decision to set the High Needs Budget was delegated to the Corporate Director - Children & Young Peoples Service in conjunction with the Corporate Director, Resources and Executive Members for Finance and Schools.

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

High Needs Funding provided by central government to local authorities has remained insufficient to meet the increase in the number of children and young people assessed as requiring Education, Health and Care Plans as a result of changes in the Council's statutory duty introduced through the Children and Families Act 2014. This means the Council is now facing difficult decisions on how to ensure sufficient funding is allocated to meet the needs of every child and young person with special educational needs and disabilities (SEND), while at the same time setting a balanced budget.

Following continued unprecedented increases in the number of financially supported Education, Health and Care Plans (EHCPs), financial pressure on SEND and High Needs has continued to increase in 2023-24 with a projected underlying overspend of c.£3.5m and an accumulated deficit of c.£13.5m as at 31 March 2024. In 2024-25, the financial pressure is expected to continue. Following regulation changes in early 2020, the local authority is effectively prohibited from using

core council funding towards costs which should be properly funded from Dedicated Schools Grant. However, the local authority has made provision within the LA budget to mirror any High Needs deficit as part of prudent budget setting arrangements. The High Needs Block Budget reflects the SEND Strategic Plan which aims to improve the service offer for children & young people with SEND.

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

The local authority has sought a 0.5% Block Transfer from the Schools Block to the High Needs Block for 2024-25 and this was supported by Schools Forum in November 2023 and formally approved by the Council's Executive on 9 January 2024. In addition, Element 3 top-up funding has been approved as a +1.9% increase. The planned roll-out of further Targeted Mainstream Provision (TMP) will deliver local specialist provision and may avoid some higher cost placements as a result. The local authority has also established a SEN Inclusion Fund (SENIF) within the Early Years Block which will mitigate the overall cost applied to the High Needs Block.

A number of reviews or developments consistent with the Strategic Plan for SEND may commence during the year and this may deliver additional 'stretch' mitigations (i.e. delivering on statutory responsibilities in a more cost effective way. This will be informed by the outcomes of the Delivering Better Value in SEND programme). Where that is the case, any savings proposal will be accompanied by an individual Equalities Impact Assessment where appropriate and changes reflected in future year budgets.

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?)

This assessment is based on a process of consultation and equality impact assessment built into the Council's overall High Needs Block budget development process. This has included:

- Equality impact assessments (EIAs) for previous specific budget proposals where a potential equality impact has been identified;
- On-going discussions between colleagues, the High Needs Funding subgroup of North Yorkshire Schools Forum, and special school headteachers meetings;
- Additional consideration of cumulative equality and wider community impact of proposals;
- Responses to public consultation through our website, through public meetings

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

The proposed High Needs Block Budget results in planned spending of £82.8m which is c.£5.9m in excess of available funding. This reduces to c.£4.8m with a target of a further c.£1.1m cost mitigations from an emerging Deficit Management Plan arising from the local authority's participation in the Delivering Better Value in SEND programme. Local authority

provision of £4.8m has been established to mirror this deficit (approved by Full Council on 21st February 2024). It is the intention that the high needs deficit will be repaid and any local authority provision can be released back into the council's General Fund in due course.

The Council expects to receive £74.7m million in High Needs Block cash funding to deliver provision for children and young people with SEND and to fulfil our statutory duty under the Children and Families Act 2014.

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	✓	✓		<p>Things will improve as follows:</p> <ul style="list-style-type: none"> • A revised continuum of special education provision and a wider AP offer for North Yorkshire for secondary aged pupils will in the longer term mean a strengthened offer with improved early identification and intervention. This should result in a reduction in the numbers of pupils being excluded. • Lower numbers of permanent exclusion and negative impact of such in terms of attainment and life chances • The development of targeted mainstream provision will increase provision for secondary pupils with SEMH and capacity of schools to support children with SEMH • Local approaches and funding will allow for tailored approaches to meet needs for the secondary age group. <p>There will be further mitigation in that for young people with an EHCP, the LA have a statutory duty to make the provision contained in that plan and for those young people who are permanently excluded it is statutory duty upon the LA to provide education.</p> <p>Age is not a factor in determining needs in the banded approach to top-up funding. The statutory obligations only apply to children aged 0-25. However, age is not a factor in this budget as all children aged 0-25 with SEND will be able to access the funding equally according to assessed need.</p> <p>A further mitigation for age, disability and gender is that for those with an EHCP, the LA have a statutory duty to meet the needs contained within the plan and this over-rides any other considerations, policies or resources</p>
Disability	✓	✓		<p>For children and young people with a disability and special educational needs there will be a strengthened offer of special education provision</p>

				<p>which will increase the number of children and young people educated in North Yorkshire and improve their outcomes.</p> <p>Requests for assessment will be accompanied by clear evidence of need, interventions and provision, making it more clear what provision is required to meet needs. This will ensure that the young person receives exactly the provision they require.</p> <p>A further mitigation for age, disability and gender is that for those with an EHCP, the LA have a statutory duty to meet the needs contained within the plan and this over-rides any other considerations, policies or resources.</p>
Sex (Gender)	✓	✓		<p>A revised continuum of special education provision and a wider AP offer for North Yorkshire for secondary aged pupils of both genders will in the longer term mean a strengthened offer with improved early identification and intervention. This should reduce the numbers of pupils that are excluded.</p> <p>It is anticipated there would be no identifiable impact on gender as a result of setting the High Needs Budget.</p> <p>The SEND population of young people with EHCPs is higher among boys however as the LA have a statutory duty to meet the needs contained within the plan, this over-rides any other considerations, policies or resources</p>
Race	✓			It is anticipated there would be no identifiable impact on specific ethnic groups as a result of setting the High Needs Budget.
Gender reassignment	✓			It is anticipated there would be no identifiable impact in relation to gender reassignment as a result of setting the High Needs Budget.
Sexual orientation	✓			It is anticipated there would be no identifiable impact in relation to sexual orientation as a result of setting the High Needs Budget.
Religion or belief	✓			It is anticipated there would be no identifiable impact on specific religious groups or beliefs as a result of setting the High Needs Budget.
Pregnancy or maternity	✓			It is anticipated there would be no identifiable impact as a result of setting the High Needs Budget.
Marriage or civil partnership	✓			It is anticipated there would be no identifiable impact as a result of setting the High Needs Budget.

Section 7. How will this	No impact	Make things better	Make things worse	Why will it have this effect? Provide evidence from engagement, consultation
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proposal affect people who...				and/or service user data or demographic information etc.
..live in a rural area?	✓	✓		There may be a beneficial impact on those living in rural areas as a greater range of Targeted Mainstream Provision is developed. It is anticipated this will increase the range of options and the understanding of what is available in rural areas with a clear package into adulthood within the local rural community
...have a low income?	✓	✓		The proposals should have no or even a positive impact on low-income families. Children in AP will be overseen by a central officer who will monitor participation and progress and can intervene if any difficulties arise and are impacting on outcomes. It is anticipated there would be no identifiable impact as a result of setting the High Needs Budget

Section 8. Will the proposal affect anyone more because of a combination of protected characteristics? (e.g. 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.

It is anticipated the proposed budget will impact more on the following:

Young people with special educational needs and disabilities.

These groups are more likely to find change challenging if changes are made to current services they will need support to make the transition. For each child, there is a statutory process of annual reviews, which ensures that their needs are reviewed annually and the provision is reviewed to ensure it meets their special educational needs.

Section 9. 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 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 option has been chosen. (Include any advice given by Legal Services.)	

The Council must set a budget for High Needs within the funding envelope available including the Council's resources approved as part of the Budget/ Medium Term Financial Strategy (MTFS) on 21 February 2024. The High Needs Budget proposal enables funding to meet projected demand, alongside provision against any deficit approved as part of the Council's Budget/ MTFS on 21 February 2024. There is a projected shortfall of up to £5.9m (reduced to £4.8m if further mitigations are identified and delivered) and the proposals acknowledge that this represents a savings gap which will require further work to identify remedial budget action. Equalities impact and consultation will be developed alongside any further proposals as appropriate.

Section 10. 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?)

In addition to the regular monitoring and reporting of finances to the Schools Forum, the Strategic SEND Plan sets out a comprehensive countywide North Yorkshire Inclusion Partnership model which will provide a strategic vision across North Yorkshire.

We will review performance across North Yorkshire Special Schools through regular discussions with Headteachers, Inclusion and Finance staff from special schools.

Whilst this proposal incorporates decisions made by the Council on 21 February 2024 and the Executive on 9 January 2024, the proposal is principally about setting the totality of the budget available for High Needs/ SEN. The proposal has been developed with due regard to the funding made available through the High Needs Block of the DSG, and the budget provision made available through the Council. Therefore, the budget performance and system-wide performance will be reviewed by the Executive through the Quarterly performance monitoring regime.

Section 11. 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. Review of implementation / impact	Howard Emmett/ Janet Crawford	March 2025		Quarterly Performance and Finance Monitoring Arrangements CYPS SEND Programme Board
2. Consideration of further mitigating actions through the Deficit Management Plan	Howard Emmett/Janet Crawford	May 2024		Schools Forum CYPS SEND Programme Board

Section 12. 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.

At this stage of the EIA there is no evidence to suggest that the 2024-25 High Needs Budget proposals will significantly disadvantage one or more protected characteristics

Section 13. Sign off section

This full EIA was completed by:

Name: Sally Dunn
Job title: Head of Finance – Schools, Early Years & High Needs
Directorate: Resources Directorate
Signature: Sally Dunn

Completion date: 01/03/2024

Authorised by relevant Assistant Director (signature): Howard Emmett

Date: 04/03/24