

NORTH YORKSHIRE COUNCIL

CYPS EXECUTIVE MEMBERS

2 JULY 2024

2025/26 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 likely to be required to be undertaken in respect of the use of the 2025/26 Dedicated Schools Grant (DSG) budgets to determine the budgets for schools, special schools, and early years providers for the 2025/26 financial year. At this stage, due to the General Election on 4 July 2024, the timescales for the release of the 2025/26 DSG funding information by the DfE is currently uncertain. In order to ensure that a timely response can be provided by North Yorkshire Council on receipt of the 2025/26 funding information, 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; subject to the receipt of the 2025/26 funding information from the DfE and based on previous years, the expected consultation content is:
 - The level of the Minimum Funding Guarantee (MFG) for 2025/26
 - The methodology to be used in the event of any surplus or shortfall in funding on the 2025/26 Schools Block DSG after the calculation of school funding formula allocations using the NFF values, as determined by the DfE.
 - The calculation of the 2025/26 notional SEN budget, based on the latest analysis of the numbers of pupils with SEND in mainstream schools and academies.
 - Any request by the local authority to transfer funding from the Schools Block DSG to the High Needs Block budget for the 2025/26 financial year
- b. With special schools and academies within North Yorkshire; subject to the receipt of the 2025/26 funding information from the DfE and based on previous years, the expected consultation content is:
 - The level of the Minimum Funding Guarantee (MFG) for 2025/26, in the event of the funding level increase not being prescribed by the DfE.
- c. With early years providers within North Yorkshire; subject to the receipt of the 2025/26 funding information from the DfE and based on previous years, the expected consultation content is:
 - 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 for 2025/26
 - The value of the early years Special Educational Needs Inclusion Fund (SENIF) for 2025/26

- Any other funding consultation deemed to be required as a result of the implementation of the expansion of early years funded provision.

2.0 BACKGROUND

2.1 Under normal circumstances, the Department for Education (DfE) provide information in mid / late July each year on indicative funding levels and funding formula changes for the DSG Schools Block, High Needs Block and Central School Services Block for the following financial year. The funding information for the Early Years Block DSG is usually received in November / December each year from the DfE. The date of the provision of the 2025/26 DSG funding information is uncertain due to the General Election on the 4 July 2024. 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. At this stage, it is anticipated that the local decision-making process, and associated consultation with stakeholders, will continue to be required for the 2025/26 funding determination process.

3.0 2025/26 SCHOOL BUDGETS

3.1 Subject to the publication of DfE guidance, it is expected that consultation will be required with mainstream schools and academies in the Autumn 2024 term on the level of the MFG for the 2025/26 financial year.

3.2 In addition, and as for the 2024/25 financial year, it is expected that consultation may also be required to be undertaken with mainstream schools and academies inviting them to provide their views on the following in respect of 2025/26 school budgets:

- The methodology to be used in the event of any surplus or shortfall in funding on the 2025/26 Schools Block DSG after the calculation of school funding formula allocations using the NFF values, as determined by the DfE.
- The calculation of the 2025/26 notional SEN budget, based on the latest analysis of the numbers of pupils with SEND in mainstream schools and academies.
- Any request by the local authority to transfer funding from the Schools Block DSG to the High Needs Block budget for the 2025/26 financial year

3.3 For information, the following local decisions were implemented by North Yorkshire Council for school budgets for the current 2024/25 financial year:

- A MFG of 0.5%
- The use of AWPU as the methodology for the allocation to school budgets of any surplus funding available within the Schools Block DSG after the calculation of the school funding formula using NFF values.
- The use of a higher funding gains cap and higher scaling back percentage for managing the recovery of any funding shortfall on the Schools Block DSG after the calculation of the school funding formula using NFF values.
- Proposed changes to the notional Special Educational Needs (SEN) budget local funding formula calculation
- The transfer of 0.5% of funding from the Schools Block DSG to the High Needs Block.
- The inclusion of an exceptional circumstance lump sum of £50,000 for very small sparse secondary schools, which would otherwise be unable to attract sufficient funding to remain viable, in the 2024/25 North Yorkshire school funding formula.

- 3.4 Subject to the date of the receipt of the 2025/26 DSG funding information from the DfE, the indicative timescales for the consultation process are detailed in the table below:

Date	Process
19/09/2024	School Funding Update report to Schools Forum including details of 2025/26 school funding consultation
20/09/2024 – 25/10/2024	Consultation with schools & academies on 2024/25 school funding arrangements
21/11/2024	Consultation feedback considered by Schools Forum
03/12/2024	Outcome of consultation considered by CYPs Executive Members in conjunction with Corporate Director and associated proposals approved
11/12/2024	Communication of consultation outcome and associated decisions to schools & academies
07/01/2025	Final Decision by Full Executive on Mainstream School and Academy Budgets 2024/25

4.0 2025/26 SPECIAL SCHOOL MINIMUM FUNDING GUARANTEE

- 4.1 Over recent 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. Subject to DfE guidance for 2025/26, NYC intends to undertake consultation with special schools and academies in the event that a local decision is required on the level of the Special School MFG for the 2025/26 financial year.

5.0 2025/26 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.
- 5.3 Subject to DfE early years funding guidance for the 2025/26 financial year, 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 2025/26. The consultation may also include any other funding consultation items deemed to be required for the 2025/26 financial year resulting from the expansion of early years funded provision. The DfE have announced the introduction of an “8-week” window from 2025/26 for local authorities to confirm provider funding rates from the point that the local authority receives the early years funding information from the DfE. Consideration is currently being given to the feasibility of meeting the “8 week” window timescale within North Yorkshire. In order to ensure compliance with the required DfE timescale for the announcement of local provider funding rates, it may be considered appropriate to undertake a principle-based funding consultation with the early years’ sector prior to the receipt of the 2025/26 early years funding rates from the DfE,.

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; subject to the receipt of the 2025/26 funding information from the DfE and based on previous years, the expected consultation content is:
 - The level of the Minimum Funding Guarantee (MFG) for 2025/26
 - The methodology to be used in the event of any surplus or shortfall in funding on the Schools Block DSG after the calculation of school funding formula allocations using the NFF values, as determined by the DfE.
 - The calculation of the notional SEN budget, based on the latest analysis of the numbers of pupils with SEND in mainstream schools and academies.
 - Any request by the local authority to transfer funding from the Schools Block DSG to the High Needs Block budget for the 2025/26 financial year
- b.
- c. With special schools and academies within North Yorkshire; subject to the receipt of the 2025/26 funding information from the DfE and based on previous years, the expected consultation content is:
 - The level of the Minimum Funding Guarantee (MFG) for 2025/26, in the event of the funding level increase not being prescribed by the DfE.
- d. With early years providers within North Yorkshire; subject to the receipt of the 2025/26 funding information from the DfE and based on previous years, the expected consultation content is:
 - 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 for 2025/26

- The value of the early years Special Educational Needs Inclusion Fund (SENI) for 2025/26
- Any other funding consultation deemed to be required as a result of the implementation of the expansion of early years funded provision.

STUART CARLTON

Corporate Director – Children and Young People’s Service

Report prepared by: Howard Emmett, Assistant Director - Resources