

York Schools Forum**15 October 2025**

Report of the Head of Children & Education Finance

SCHOOLS BLOCK FUNDING TRANSFER TO THE HIGH NEEDS BUDGET FOR 2026/27**Summary**

- 1 This report considers schools' responses to the consultation document for a proposed 0.5% transfer from the Schools Block of the Dedicated Schools Grant (DSG) to support the High Needs Budget (HNB) in the City of York. It then asks the forum to approve the LA's request and sets out the next steps in the process. The proposal aims to address pressures on the HNB, which funds support for pupils with special educational needs and disabilities (SEND) and other high cost provision in line with the LA's Safety Valve Recovery Plan, while attempting to minimise disruption to mainstream school budgets.

Background

- 2 The High Needs Budget within the DSG is under significant pressure due to increasing demand for SEND provision, including Education, Health & Care Plans (EHCPs), specialist placements and additional support in mainstream schools. Nationally and locally, high needs funding has not kept pace with rising costs and demand, leading to deficits in many LAs, including York.
- 3 To help mitigate this, the Department for Education (DfE) allows LAs, with Schools Forum approval, to transfer up to 0.5% of the Schools Block to the High Needs Block. If the LA wishes to transfer more than 0.5% or proceed without Schools Forum approval, it must submit a disapplication request to the Secretary of State for Education. A copy of the DfE's disapplication request template which will need to be completed is attached at Annex 4.

Timeline for the Transfer

- 4 The introduction of a top slice represents a significant step for the LA and should not be taken lightly or without full and proper consideration. Therefore, the following process of engagement with the forum, schools and elected members is being followed:
 - a. 8 May – an initial report was presented to the Schools Forum outlining the process that needed to be followed, the DfE regulations underpinning any top slice and the potential financial implications of a 0.5% top slice for mainstream schools in the city.
 - b. 3 July – taking account of comments and issues arising on the first report, a further report to the Schools Forum presenting a draft consultation document on the proposal to be shared with all schools.
 - c. 14 July to 30 September – consultation with all mainstream schools and academies.

- d. 15 October – a report (this report) to the Schools Forum on the results of the consultation and a request from the LA for the forum to approve the top slice.
- e. 4 November – if necessary, a report to the Combined Executive Member Decision Session requesting permission to continue against the wishes of the Schools Forum and submit a disapplication request to the DfE & SoS.
- f. By 17 November – LA submits the request to the DfE & SoS
- g. January 2026 – the LA, as part of the formal budget setting process, confirms (or not) the implementation of the top slice.

Consultation Outcome

- 5 A full copy of the consultation documents and questions is attached for reference. Disappointingly there were only two completed responses from schools to the consultation questions which are summarised below:

Q3 - Do you understand why the local authority is proposing a 0.5% transfer from the schools block to the high needs block for 2026/27? Yes **2** / No **0**

Q4 - Do you agree with a 0.5% transfer from the schools block to the high needs block for 2026/27? Yes **1** / No **1**

Q5 - Regardless of your answer to Q4 (as the local authority may still decide to pursue a transfer if the Schools Forum votes against), would you prefer the 0.5% transfer to be made under option 1 or option 2 as set out in Annex 2?

Option 1 – **0** / Option 2 – **2**

Q6 - The local authority's proposed use of the transferred funds would be to support the development of locality inclusion clusters as described at Annex 3. Do you agree with this proposal, or do you have other suggestions for the use of the funds within the High Needs Budget? Agree **1** / Other Suggestion **1**

Other suggestion: *The use of the 0.5% that was discussed by YSAB colleagues at the end of term would be my preference if the transfer occurred.*

Q7 - Are there any other comments that you wish to make about the proposals?

Trauma informed practice is vital in regard to SEMH outreach support – although all school cultures would need to adopt these practices as a whole school for outreach intervention to truly be effective. This therefore needs to be discussed at YSAB in more detail as you could put £300k into staffing this but could easily fall foul of it not truly having the impact if Behaviour and Relationship policies within York schools and academies are not universally trauma informed.

Small group provision which is locality-based is a great idea. Although careful thought needs to be given to how places are allocated and commissioned (and how this is done transparently and fairly).

Careful scrutiny and oversight is required – it should be used to proactively develop new sustainable improvements and not just be used to plug historical deficits.

Will the deductions be taken at the same time – regardless of school/academy financial year starts (i.e. Maintained April vs. Academies September)?

How many other LAs currently do this? Has it had a sustainable impact or is it just plugging high need deficits?

Care needs to be taken about employing new staff (and taking on future financial liability for these staff) – secondment opportunities would be more efficient, particularly as many schools and MATS in the city have outstanding practitioners in SEMH and SEND. This expertise should be shared more widely.

We must re-discover the culture in York that all of our children are York children. With all collective 'pots' there are perceived winners and losers but all schools will ultimately benefit by supporting those children who are struggling the most.

Recommendations

- 6 Members of the Schools Forum are asked to:
- agree to the local authority's request for a 0.5% transfer from the schools block to the high needs block for 2026/27,
 - regardless of the decision at a. (as the local authority may still decide to pursue a transfer if the Schools Forum votes against), consider whether the 0.5% transfer should be made under option 1 or option 2 as set out in Annex 2,
 - comment on the local authority's proposed use of the transferred funds to support the development of locality inclusion clusters as described at Annex 3.

Contact Details Author:	Chief Officers Responsible for the Report:			
Richard Hartle Head of Children & Education Finance Tel: 01904 554225 email: richard.hartle@york.gov.uk	Martin Kelly Corporate Director of Children & Education Debbie Mitchell Director of Finance			
	Report Approved	√	Date	9 October 2025
For further information please contact the author of the report				

Draft Consultation Document

Annex 1 - Consultation Questions

Annex 2 - Modelling of a 0.5% transfer across all mainstream schools

Annex 3 - Developing locality inclusion clusters proposal

Annex 4 - DfE disapplication request template