

DEDICATED SCHOOLS BUDGET – HIGH NEEDS BLOCK UPDATE 2023-24

Purpose of the Report

1. To update schools forum on issues related to the high needs block for 2023-24 and the decisions that will need to be made as part of the budget setting process for 2023-24.
2. Schools Forum will recall the budget approach was approved in principle at the December meeting. Since this meeting, final allocations including the “additional funding” have been published. Proposals for the expenditure plan are in this report.

Main Considerations

3. As outlined in the paper on the funding settlement for 2023-24 the high needs block provisional allocation for Wiltshire in 2023-24 is £70.918 million. The high needs block has been calculated according to the new national funding formula for high needs. As previously reported to schools forum, Wiltshire is on the funding floor for the high needs NFF and therefore has received the minimum increase. In addition to the allocation, and as with schools block, a later “additional high needs” allocation of £2.942 million has been added – this is to fund the cost burden of energy, teachers and support staff pay and other cost pressures.
4. The table below shows the allocation and increase on 22-23:

	High Needs
2023-24*	£70,917,828
2022-23	£62,690,534
Uplift	£8,227,294
% Uplift	13.1%
<i>*Includes Supplementary Allocation for 2023-24</i>	<i>£2,941,915</i>

5. It has been nationally recognised that the level of funding for the most vulnerable pupils has been historically insufficient and included in the total allocation above is an increase of 8% of high needs block. Whilst this increase is most welcome, it does not fully address the magnitude of the cumulative pressures from previous financial years, nor does it fully address the anticipated pressure for 2023-24 financial year for Wiltshire. Following the DfE consultation – the SEN review - published in summer 2022, no significant funding formula updates were proposed.
6. In terms of decision making for the high needs block the guidance on schools forum powers and responsibilities states that all central spend on high needs block provision is decided by the local authority. This would include decisions on top up values. Because of this and the interdependencies of decisions across all the funding blocks, final decisions on high needs will be presented alongside those that schools forum is required to make on all of the other blocks.

Projected Demand on High Needs Block

7. Appendix 1a provides an early assessment of pressure on the high needs block for 2023-24. The bases for the initial estimate include the following
 - a. Non teaching staff pay increases above budget for 22-23
 - b. 4.5% non teaching staff pay increase estimate for 23-24
 - c. An estimate of September 2023 special school, ELP and resource base planned places
 - d. Demand based on 2022-23 latest forecasts
 - e. Contractual inflation on externally commissioned services
8. It has been the preference of Schools Forum in previous years to prioritise and protect rates of named pupil allowance and top up funding to ensure inclusivity is possible. The budget proposal assumes this is still the approach and therefore transfer is proposed as below.
9. It is not possible to fully fund the pressures above from within the high needs block. In order to partially fund the pressures on the high needs block, the following model could be implemented which includes a transfer from other blocks. Appendix 2 shows the proposed HNB budget (*which is to follow*).
10. In balancing the budget, it is recommended that;
 - a. There is a transfer from the Central Block to High Needs Block – as previous years, any unallocated CSSB is transferred to contribute to the high needs pressures.
 - b. Taking into account the wishes of schools who responded to the Autumn consultation, that there is a transfer of Schools Funding to High Needs Block of 0.5% - approximately £1.643 million to be transferred from Schools Block. This will be dependent on the decisions made by the forum around the schools formula and affordability of the transfer.
 - c. It is possible that the DfE estimated growth fund surplus to estimated growth fund requirements for 2023-24. Any underspent growth fund will contribute to the overall DSG deficit position next year.
 - d. The recovery actions of the High Needs Block working group continue and schools forum monitor these in conjunction with ongoing discussions with the DfE.

Additional High Needs (previously Supplementary) Funding

11. The DfE have allocated an amount of £400 million nationally for schools and high needs following the publication of the DSG 2023-24 allocations. £2.942 million has been allocated to Wiltshire.
12. These allocations are on top of the DSG high needs block allocations calculated under the national funding formula but are subject to the same DSG conditions of grant.
13. It is proposed that this grant is held slightly separately to the high needs annual allocation and rather than continuing to reduce the funding gap, these funds are invested in early help and prevention, building capacity to increase inclusion, and facilitate long term closure the gap. Appendix 1b includes an initial estimate which includes
 - a. Ensuring the MFG for special schools is funded and
 - b. Applying a 4.5% increase to the secondary schools alternative provision (AP) service level agreement

14. The 2023-24 guidance includes a minimum funding guarantee for special schools. The minimum funding guarantee (MFG) protection for maintained special schools and special academies in 2023 to 2024 is set by a condition of grant that applies to local authorities' DSG. A 3% MFG has been set for special schools in 2023 to 2024. Recognising that some local authorities have already passed on additional funding for pressures in 2022 to 2023, instead of making a year-on-year calculation, the comparison will be with schools' 2021 to 2022 funding baselines.
15. This means those special schools already receiving an appropriate increase in 2022 to 2023 may not require a further increase to reach the MFG level. In order to ensure each of our Wiltshire Special Schools is funded above the minimum of 3%, a 0.25% increase to top up rates is budgeted. This calculation is shown at Appendix 3.

DSG Deficit Reserve & Management Plan

16. The current forecast overspend on the School Funding reserve is £34.734m. This is currently being cash flowed by the local authority. There has been significant lobbying by schools, local authorities and Councillors. The DfE response has been the introduction of a programme of intervention work.
17. Councils nationally have an estimated £2.3 billion in high needs funding deficits. Those authorities with the most significant deficits, have been enrolled in the DfE "Safety Valve" programmes. Following the publication of the SEN Review the DfE have published a suite of reports and guidance to support local authority budget management and recovery plans. Wiltshire has been offered support in the third phase of the DfE's "Developing Better Value" (DBV) programme. The Council is scheduled to be part of the DfE's third phase of the DBV programme starting in June 2023. The DfE have appointed Newton, CIPFA and SEN advisers to work with officers to review the recovery plan and provide support and guidance.
18. In addition to this, Council transformational funding of £1.6m has been earmarked to support a significant programme of change which will align with the DBV programme to facilitate financial recovery for Wiltshire.
19. The plan has been updated to show the November 2023-23 forecast expenditure and budget allocations and is attached at Appendix 4 (*which is to follow*) however, more work on the impact of the proposed early help and prevention investment from the additional funding will be added following budget finalisation.

Proposals

20. Schools Forum is asked to note the pressures on the high needs block for 2023-24 and the potential options to reduce the shortfall against high needs budgets including agreeing a transfer from Schools Block to balance the high needs pressures. This will form part of the decision-making matrix – our final report at today's meeting.
21. Schools Forum is asked to note the investment from the local authority's transformation reserve of £1.6m. This will pre-date and align with DBV funding from the DfE.
22. Schools Forum is asked to provide views on the approach to deploy the additional HNB funding in 2023-24, funding the Special schools minimum funding guarantee and invest in early help, prevention and long term recovery.

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