

DEDICATED SCHOOLS BUDGET – HIGH NEEDS BLOCK UPDATE 2024/25

Purpose of the Report

1. To update schools forum on issues related to the high needs block for 2024/25 the decisions that will need to be made as part of the budget setting process for 2024/25.
2. The budget approach for 2024/25 was approved in principle at the December 2023 meeting. Since this meeting, final allocations have been published. Proposals for the expenditure plan are in this report.
3. Budget proposals for 2024/25 reflect year 1 of the proposed Safety Valve Plan submitted by Wiltshire Council in December 2023. The final draft of the plan is to be submitted on 12 January 2024.

Main Considerations

4. As outlined in the paper on the funding settlement for 2024/25 the high needs block provisional allocation for Wiltshire in 2024/25 is £73.465 million, a 3.7% increase on the 2023/24 allocation. The high needs block has been calculated according to the 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. The additional high needs block grant allocated in 2023/24 has been absorbed into the allocation for 2024/25.
5. The table below shows the allocation and increase on 23/24:

	High Needs
2024/25	£73,464,566
2023/24	£70,851,828
Uplift	£2,612,738

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.

Proposed High Needs Budget 2024/25

7. The proposed budget for 2024/25 reflects year 1 of the proposed Safety Valve plan for Wiltshire. It is projected that in 2024/25 the overall DSG deficit will increase by £28.173m in order to meet demand pressures and to support the investment needed to achieve the required mitigations in Safety Valve plan.
8. The increase in the deficit takes into account the provisional high needs block allocation announced in December 2023 and an assumption of a transfer of £2m from the schools block, agreed in principle by Schools Forum in December 2023. A disapplication request will need to be submitted to request the £2m transfer as the value of the proposed transfer exceeds 0.5% of the schools block.

9. Appendix 1 provides an assessment of pressure on the high needs block for 2024/25 which have been taken into account in the calculation of the unmitigated forecast for 2024/25. The bases for the initial estimate include the following:
- Full year effect of current commitments across all provision types including new special school and resource base places delivered in September 2023.
 - Estimated additional demand for 2024/25.
 - Proposed inflation of top-up values of 1.4% (in line with the increase in the mainstream NFF).
 - Pay and contract inflation.
10. The impact of these pressures gives an unmitigated in year deficit of £28.535 million. If further actions are not taken to address this position then the deficit will continue to increase year on year. This represents a significant financial risk to the Council.
11. The Council has proposed a Safety Valve plan to the Department for Education (DfE) aimed at bringing high needs block spend into an in year balanced position within a 5 year period. A number of mitigations are proposed and in order to achieve the outcomes detailed in the plan the proposed budget for 2024/25 covers year 1 of that plan and includes costs and savings arising from the planned mitigating actions as follows:

Action	Investment	Saving	Safety Valve workstream
	£m	£m	
Delivery of additional special school places	2.144		2
Delivery of additional Resource Base places	0.570		2
Commissioning of further Alternative Provision places		-0.367	3
Manage contract inflation within existing budgets		-0.619	3
Increased support for mainstream inclusion	0.983		1
Reductions in independent sector placements resulting from increased in house capacity		-1.995	2
Initial actions focused on bringing EHCP numbers in line with other Good/Outstanding councils		-1.920	1,2,4
Increase inflation on top-ups to 4% across mainstream, resource base/ELP and special school provision	0.841		2
Total	4.539	-4.900	

12. The proposed mitigated budget for 2024/25 is shown in Appendix 2 to this report.

Special School Minimum Funding Guarantee

13. The 2024/25 guidance requires local authorities to set a minimum funding guarantee for special schools within a range of 0.0% to 0.5%. To be consistent with the recommendation on the mainstream MFG it is proposed to set the special school MFG at 0.5%.
14. Appendix 3 shows the MFG calculation for each special school based on the proposed top up values for 2024/25. Proposed increases for each school are compliant with the MFG requirements. Note that the figures in the appendix are for modelling purposes only as the MFG calculation is based on 2023/24 pupil numbers and banding.

DSG Deficit Reserve & Management Plan

15. The current forecast overspend on the School Funding reserve is £56.247m. This is currently being cash flowed by the local authority and presents a significant financial risk to the Council once the statutory override on DSG deficits is lifted at the end of the 2025/26 financial year.
16. The Council has submitted a draft Safety Valve plan to the DfE which includes proposals to bring the in year deficit to a balance position by the end of the 2028/29 financial year. The proposed high needs budget reflects year 1 of that plan and includes both investment and savings linked to the delivery of the High Needs Sustainability Plan that underpins the Safety Valve submission.

Proposals

17. Schools Forum is asked to note the pressures on the high needs block for 2024/25 and the mitigating actions which reflect year 1 of the Safety Valve plan. This will form part of the decision-making matrix on the agenda for today's meeting.

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