

**DEDICATED SCHOOLS BUDGET – HIGH NEEDS BLOCK UPDATE 2025/26**

**Purpose of the Report**

1. To update Schools Forum on issues related to the high needs block for 2025/26 the decisions that will need to be made as part of the budget setting process for 2025/26.
2. The budget approach for 2025/26 was approved in principle at the December meeting. Since this meeting, final allocations have been published. Proposals for the expenditure plan are in this report.
3. Budget proposals for 2025/26 reflect the revised high needs sustainability plan submitted by Wiltshire Council in December 2024.

**Main Considerations**

4. As outlined in the paper on the funding settlement for 2025/26 the high needs block provisional allocation for Wiltshire in 2025/26 is £80.886 million, an 8.9% increase on the 2024/25 allocation. The high needs block has been calculated according to the national funding formula for high needs.
5. The table below shows the allocation and increase on 24/25:

	<b>High Needs</b>
2025/26	£80,886,124
2024/25	£74,270,643
Uplift	£6,615,481
	8.9%

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 2025/26***

7. The proposed budget for 2025/26 reflects the updated high needs sustainability plan, submitted to the DfE in December 2024. It is projected that in 2025/26 the overall DSG deficit will increase by £36.513m in order to meet demand pressures and to support the investment needed to achieve the required mitigations in the updated plan.
8. The increase in the deficit takes into account the provisional high needs block allocation announced in December 2024 and an assumption of a transfer of 0.24% (£0.914m) from the schools block, agreed in principle by Schools Forum in December 2024.
9. Appendix 1 shows the proposed budget for 2025/26. The budget includes the following assumptions:
  - a. updated forecast for EHCP numbers and the impact of further targeted actions within the sustainability plan. The impact of these actions is expected to reduce the growth in EHCP

numbers and reduce the growth in independent and non-maintained special school placements. Savings of £2.800m have been built into the plan to reflect these actions.

- b. All existing plans for the development of new special school and resource base places are built into the plan.
- c. Unit costs are based on actual unit costs for 2024/25 and inflation applied as detailed below.
- d. Inflation on top up rates has been assumed at 2.2%.

### **Schools Block Transfer**

- 10. At the December 2024 meeting, Schools Forum considered the outcome of the consultation on a 1% transfer from schools block to the high needs block. Schools did not support the proposal for a 1% transfer and the decision at the meeting was to support the maximum level of transfer that would be affordable without impacting on NFF formula rates. Based on the provisional funding information it was expected that this transfer could be up to 0.5% as had been transferred in previous years.
- 11. Analysis of the final funding settlement information shows that the maximum affordable transfer without impacting on NFF rates for schools is £0.914m, or 0.24%. This amount has been built into the proposed budget for 2025/26, however following the discussion at the High Needs Sustainability Board in December this also needs to be ratified by Cabinet on 21 January 2025.
- 12. The block transfer amount leaves a shortfall of £0.816m in the high needs budget for 2025/26 compared with the revised sustainability plan submitted to the DfE. This has been included in the budget as a further savings target.

### **Special School Minimum Funding Guarantee**

- 13. The 2025/26 guidance requires local authorities to set a minimum funding guarantee for special schools at 0%. Inflation on current top up rates has been assumed at 2.2%.

### **DSG Deficit Reserve & Management Plan**

- 14. The current forecast overspend on the DSG reserve is £66.232m at 31 March 2025, after Safety Valve payments. The proposed budget for 2025/26 will increase this to £96.045m by 31 March 2026. This presents a significant financial risk to the Council if the statutory override on DSG deficits is lifted at the end of the 2025/26 financial year. No announcement on any extension of the statutory override has yet been made.

### **Proposals**

- 15. Schools Forum is asked to note the assumptions in the high needs block for 2025/26 and the mitigating actions which reflect the revised high needs sustainability plan submitted to the DfE in December 2024. This will form part of the decision-making matrix on the agenda for today's meeting.

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