



Report to: Schools Forum

Date of Meeting(s): 18 January 2024

Subject: Dedicated Schools Grant – High Needs Block Budget

Report of: Colette Dutton – Director Children and Families

Contact Officer: Mark Rotheram Strategic Finance Manager
Kirsten Reid Group Finance Manager

Summary: To update Schools Forum on the High Needs budget for 2024/25.

Recommendation(s): To agree the high needs budget for 2024/25.
To note the information provided regarding the work with the High Needs forum sub-group and ongoing recovery planning.

Implications:

*What are the **financial** implications?* Contained within the report

*What are the **staffing** implications?* N/A

Risks: N/A

Please list any appendices:-

- Appendix 1 – 2023/24 High Needs projected outturn
- Appendix 2 – Special School MFG/Bandings
- Appendix 3 – High Needs budget for 2024/25

1. Introduction

- 1.1 Further to the reports to Forum in October 2023 and December 2023 the Government has now released the DSG allocations for 2024/25. In 2024/25 the national High Needs Funding is c.£10.373m. Local Authorities will continue to receive in 2024/25 a separate Teachers Pay Additional Grant (TPAG), which will be calculated by using 12/7ths of the 2023/24 TPAG funding rates and will be required to be passed on to eligible special and AP schools to help with the costs of the 2023 teachers' pay increase. There will be an additional grant for 2024/25 to reflect the additional costs of the increase of 5 percentage points to the employer contribution rates to the teachers' pensions schemes from April 2024.
- 1.2 The High Needs NFF for 2024/25 funding allocations to local authorities are similar to those for 2023/24. Whilst the factors are largely unchanged it should be noted:
- The funding floor ensures that all local authorities' allocations per head of population will increase by a minimum percentage compared to the baseline. For 2024-25 the funding floor is 3%. The baseline includes the additional high needs funding allocated to local authorities in December 2022.
 - The gains cap for 2024-25 is set at 5% which means that local authorities can see an increase of up to 5% before their gains are capped.

2. High Needs Funding

- 2.1 The 2024/25 High Needs allocation for Wigan is £53.561m before any deductions by the ESFA in respect of academies and FE institution place funding, and £50.161m after deductions. The table below compares the Wigan funding factor high needs allocations for 2024/25 and 2023/24.

Funding factors	2024/25	2023/24
HNB Funding floor	£48,948,180	£44,603,844
Add Basic entitlement	$£4,699.78 \times 1,128$ <i>pupils</i>	$£4,700.08 \times 1,017.5$ <i>pupils</i>
	£5,301,352	£4,782,331
Hospital; AP; TP; TPEC	£178,545	£177,343
Less import export	-£867,000	-£867,000
Additional HN grant	0	£2,077,305
Total HNB before deductions	£53,561,077	£50,773,823
Less deductions	-£3,400,000	-£3,376,167
Total HNB	£50,161,077	£47,397,656

2.2 The high needs funding block is a single block for local authority pupils and students aged 0 to 24, with high needs. Before any deductions are made, the block includes funding for pre-16 and post-16 places in:

- maintained mainstream schools (pre-16 places in special units and resourced provision and post-16 high needs places)
- maintained special schools (pre-16 and post-16 places)
- pupil referral units (PRUs)
- mainstream academies and free schools (pre-16 places in special units and resourced provision and post-16 high needs places)
- special academies (pre-16 and post-16 places)
- special free schools (pre-16 and post-16 places)
- alternative provision (AP) academies
- further education (FE) institutions and independent learning providers (ILP) (post-16 places only)
- AP free schools

In addition to the funding for places described above, the high needs block also includes top-up funding for pupils and students occupying the places in institution types listed above.

It also includes:

- top-up funding for pupils and students in special post-16 institutions (SPIs), and non-maintained special schools (NMSS)
- all funding for children and young people placed in independent schools, independent AP (unless the places are commissioned directly by schools) and hospital education (including hospital education for individual young people being educated in independent providers)
- funding for central high needs services and budgets

3. 2023/24 Projections

3.1 Further to previous reports there remains a significant deficit on this block of funding, totalling £3.071m brought forward from 2022/23. Current projections, as presented as Appendix 1 of this report, indicate an in-year over spend on High Needs of £2.426m, which would increase the deficit position to £5.497m.

- 3.2 The position will continue to be monitored and the quarter 3 position will be available for the March 2024 meeting.

Year	High Needs Funding* (£m)	Cumulative Deficit C/Fwd (£m)
2018/19	28.902	0.600
2019/20	29.715	2.915
2020/21	34.846	3.512
2021/22	39.687	3.612
2022/23	40.808	3.071
2023/24	47.398	5.497 indicative

4. 2024/25 Budget

- 4.1 As highlighted in 2.1 above the total funding for 2024/25 is £53.561m and £50.161m after deductions for high needs places in respect of academies and FE institutions. This figure represents the initial allocation that the Local Authority will receive, however, the ESFA may adjust the allocation (after deductions) at points during the year to reflect changes in high need places and for the import/export adjustment for out of borough pupils.
- 4.2 The Minimum Funding Guarantee (MFG) protection for maintained special schools and special academies in 2024/25 is set by a condition of grant that applies to local authorities' DSG. The 2024/25 High Needs operational guidance requires that this percentage must be at least 0% and the local authority should consider setting the MFG within a range of 0% and 0.5%. The place funding rate remains at £10,000 per place in 2024/25. The MFG for special schools and academies applies to their combined place and top-up funding on a per pupil basis, assuming the number and type of places remain the same. The funding for teachers pay and pensions and the additional funding for 23/24 and 24/25 are excluded from the MFG calculations. The proposed new top up bandings for special schools for 2024/25 as set out in Appendix 2 are in line with the conditions above. Provision has been made within the budget for this increase in funding.
- 4.3 As a result of the 2022 autumn statement announcement of extra schools funding, local authorities were required to pass on a proportion of the additional high needs funding that was included within the 23/24 DSG High Needs Block to maintained special schools, special academies (and free schools), pupil referral units and AP academies (and free schools), including maintained and academy hospital schools. This overall high needs funding increase is included in the 23/24 baseline used to calculate local authorities 24/25 high needs funding allocations, and as such the DSG conditions of grant for 24/25 requires local authorities to pass on the same level of additional funding to these schools.
- 4.4 Presented in **Appendix 3** of this report is the proposed budget for 2024/25, together with a narrative outlining the assumptions made in setting the budget.

The budget has been set based on the best available information at the current point in time and takes into account mitigating actions to deliver efficiencies. The budget includes a contribution from the Schools Block of £0.500m to the High Needs Block and a repayment of circa £0.01m to the historic High Needs deficit.

5. High Needs Recovery Plan

- 5.1 In November the High Needs schools forum sub-group met to consider updates in regards recovery planning to address the high needs deficit. An update on various workstreams was presented together with financial projections and the sub-group reported to Forum members in December.
- 5.2 A further update will be provided following the next meeting of the sub-group.

6. Recommendations

- 6.1 To note the financial pressures and projected deficit as set out in Appendix 1.
- 6.2 To agree the proposed budget as outlined in Appendix 3.
- 6.3 To agree the next meeting of the High Needs sub group.