



Subject Heading:

High Needs Funding

Report Author:

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Eligibility to vote:

All members

SUMMARY

This report outlines the main features of the DfE's Policy Note announcement, focussing on funding levels, allocation methods, and implications for local authorities and special schools. Also, the progress from the High Needs Task and Finish group.

RECOMMENDATIONS

That the Schools Funding Forum:

- (i) notes the DfE Policy Note update
- (ii) notes the projected financial year 2025-26 allocations
- (iii) notes the High Needs Task and Finish Group meeting to discuss present and next financial year funding levels and arrangements

REPORT DETAIL

1. DfE's High Needs Funding Update for 2025-2026

The DfE has released details of the High Needs National Funding Formula (NFF) for the academic year 2025-2026, emphasizing its commitment to supporting schools and addressing the rising costs associated with high needs education. The announced changes include substantial increases in funding levels and refinements in allocation methodologies.

1.1 Overview

For 2025-2026, the high needs budget will see an almost £1 billion increase, bringing the total allocation to £11.9 billion. This represents a 9% increase compared to the baseline established for 2024-2025. The funding boost is part of a larger £2.3 billion increase in overall school funding.

The DfE's intentions for the increase is to support local authorities manage the rising costs of SEND provisions and other high needs services. The DfE recognises the pressures on LAs and the increasing deficit balances that LAs have, and the DfE's aim is to provide stability while considering future reforms to improve the fairness and effectiveness of the NFF.

1.2 Additional Allocations for 2025-2026

Out of the total high needs budget, £480 million will be allocated through the CSBG. This grant consolidates several funding streams from 2024-2025, including the TPAG, the TPECG, and the full-year equivalent of the CSBG. The methodology for distributing this grant will be published before the end of 2024.

In addition to the CSBG, £145 million will be set aside for high needs funding allocations that are not calculated through the NFF. This includes adjustments based on updated data from the October 2024 school census, which reflects changes in the number of special school places. These adjustments will be incorporated into the Dedicated Schools Grant (DSG) allocations, scheduled for publication in late December 2024.

1.2 NFF Allocations for 2025-2026

The NFF will distribute £11.3 billion of the total high needs budget for 2025-2026. While the overall structure of the formula remains consistent with previous years. However the government has indicated that it's long-term goal is to review the present arrangements, and will strive to create an effective system of education funding that aligns with SEND reforms.

The historic spend factor, which reflects past spending levels of local authorities, will remain fixed at its 2024-2025 cash value. For 2025-2026, this accounts for 25% of local authorities' total allocations, a reduction from

the 27% used in the previous year's formula. This adjustment reflects the government's gradual shift away from reliance on historic spending patterns.

To ensure a minimum level of funding for each local authority, the formula includes a funding floor guaranteeing at least a 7% per head increase for the 2-18-year-old population. Conversely, gains under the formula are capped at 10% per head, preventing disproportionate increases. Both these mechanisms exclude certain formula factors, consistent with previous years, to ensure equitable distribution.

Based on the DfE Policy Note, via the NFF formula, Havering is projected to increase its per pupil level for High Needs to at the 7% increase. Although due to the additional grants received in 2024-25, the baseline change is anticipated to be 9%, as shown in Appendix A.

Financial Year	Funding baseline per head	Change	% increase
23-24	£668.05		
24-25	£734.17	£66.12	9.90%
25-26 indicative	£802.34	£68.16	9.28%

The additional funding that is anticipated to be included in financial year 2025-26 is £3.8m.

Financial Year	High Needs Funding	Change	% increase
24-25*	£43,369,770		
25-26 indicative	£47,216,116	£3,846,345.64	8.87%

*24-25 comparator includes TPAG, TPECG and CSBG.

Although this additional funding is welcomed, Havering is the lowest per head funded LA in London, and 119th nationally in financial 2024-25, and with the 7% guaranteed for every LA in 2025-26, the gap between Havering and other LAs will widen.

2. High Needs Task and Finish group

A task and finish group was re-established in Summer 2024 to examine high needs funding for schools for the present and future financial years, to review the current arrangements for a long term sustainable model of support for those children with additional needs in attendance in educational provisions across the borough.

The group are due to meet after the Forum meeting has concluded.

3. High Needs Task and Finish Group Funding Proposals Update

This section of the report provides an update on the ongoing discussions and proposals related to the High Needs funding for mainstream schools, specialist units, and alternative provision.

3.1 Financial Year 2024-25 - Mainstream Schools Top-Up Funding, Specialist Units Funding and EHCP Assessment funding (20 weeks)

Following the meeting held in October, the LA was seeking to table a paper for the Cabinet to consider. However due to the timeframe to produce the necessary documentation and the absence of central government confirming funding levels, this has now been deferred to the January Cabinet meeting.

The proposals that will be tabled will be:

- An increase of the top-up rates for mainstream schools from the current £17 per hour to £19 per hour, effective from the start of the Autumn 2024 term.
- Specialist Unit funding from £22,184 to £30,000 per place in SEND Units, effective from the start of the Autumn 2024 term.
- New banding system to be used by finance for the final budgets for schools for financial year 2025-26.

3.2 Financial Year 2025-26

The group will be reviewing the funding priorities for financial year 2025-26, taking into account the DfE Policy Note update.

The group will be considering the following:

- Mainstream schools' top-up/band increase
- Special Schools
- Specialist Units
- Alternative Provision

3.3 Financial Implications

The Local Authority is currently in a deficit of £15.3m in DSG, with projections indicating that this could rise to £35.1m.

Given these significant financial pressures, any proposals that are recommended for adoption will require approval by the Cabinet through a formal report. It is crucial to ensure that all measures provide targeted support and deliver value for money, reflecting the financial constraints faced by the Local Authority and other councils.

Schools Forum members are asked to note the progress made by the High Needs Task and Finish Group and to support the continued development of these proposals. The final recommendations will be presented for approval, alongside a Cabinet report, ensuring all proposed changes are carefully reviewed in light of the current financial challenges.

The group are due to meet after the Forum meeting has concluded and will feedback at the next Forum meeting.