

Item 10

Recommendations of the High Needs Block Working Group

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Brief Summary

11 June 2024, the High Needs Block Working Group considered several reports, including:

- **High Needs Block Working Group Chair for the 2024/25 Academic Year**
- **School Budget Outturn 2023/24**
- **School Balances and Clawback 2023/24**
- **Schools In Financial Difficulty Recovery Plan Bids**
- **Special School Provision Increase**
- **PRU Intervention Cap**
- **Commissioned Place Process 2025/26**
- **High Needs Block Notional SEN**
- **Schools Forum Annual Report 2023/24**

A summary of the information presented, and the Working Group's recommendations are provided in this report.

Recommendations

The Forum is asked to:

- a) Note the report from the High Needs Block Working Group held on 11 June 2024.
- b) Ratify the Working Group's recommendations.

Detail

On 11 June 2024, the High Block Working Group considered several reports. A summary of the information presented, and the Working Group's recommendations are provided below:

10.1 Matters Arising

Members raised one item of matters arising.

Post 16 SEN data issues



To note the SEN Data issues are also affecting post 16 settings. It was noted that this has been raised with Aby Hardy.

10.2 High Needs Block Working Group Chair for the 2024/25 Academic Year

In March 2024, members agreed to elect the Schools Forum Chairs annually. Nominations were sought at the working group.

One nomination had been received from Claire Thompson, Special School Headteacher representative and current working group chair.

The Working Group:

- a) Supported Claire Thompson continuing as High Needs Block Chair from September 2024, unopposed.

10.3 Schools Budget Outturn 2023/24

This report provided the Working Groups with details of the 2023/24 Schools Budget final financial outturn position, in relation to each funding block. A copy of the full report presented to the working group is provided as an appendix to the Schools Block summary report.

The Overall Schools Budget outturn position for 2023/24 showed an overspend of circa £7.4m.

Further details were provided in connection with each funding block and members concentrated on the High Needs Block position. It was noted that the outturn position for the 2023/24 High Needs Block (HNB) revealed a circa £6.9m overspend. Some key highlights included:

Maintained Schools

Actual costs on all elements of maintained schools HNB expenditure, including mainstream schools, special schools and PRUs were above the budgeted figure. Please note, £5.2m of the overspend relates to the Additional High Needs Supplementary Grant, which is reflected in the total grant figure. The most significant variance related to mainstream schools and represented a circa 50% growth in expenditure compared to the budget. Special Schools grew by over 5% and Alternative Provision by 10%.

Further Education - Post 16

The Further Education - Post 16 budget had a reduction of £1.140m.

Commissioned Services

The commissioned services expenditure ended the year with an overspend of over £7m. As per established practice, a more detailed breakdown of the HNB expenditure against the agreed budget lines is provided at Annex A.

Of particular interest to the Forum on the commissioned services breakdown will be the £10.5m overspend on the Independent non maintained special schools (INMSS) and Out-county budget. This overspend figure is a c£1m increase in expenditure compared to 2022/23. As members will be aware, strategies are being deployed to enhance maintained provision within the county, through the AP Strategy, SEN Units



and increased special school capacity, but this will take time to feed through into the budget position.

Exclusions

The original 2023/24 budget estimated that £0.7m income would be generated for High Needs Block establishments as funding followed pupils who were excluded from mainstream schools during the year. The actual income was circa £1.57m, created a variance of just under £0.8m

High Needs Growth

When the 2023/24 Schools Budget was being set, provision was made for HNB growth, which was forecast at circa £15m for the year. This provision was utilised in year to offset the increased expenditure across the HNB school budget lines.

The year end deficit of £6.9 on the High Needs Block signifies the need for caution on High Needs funding levels and expenditure going forward. Based on the average from the previous three financial years, income is forecasted are 9% in 2025/26 with future expenditure forecasted at 12%, which are likely to again place considerable pressure on high needs funding and reserves.

DSG grant

The grant remains in line with budget.

High Needs Funding Block Monitoring at Year End 2023 24 can be found in Appendix A.

The Working Group.

- a) Noted the report and the 2023/24 School Budget final financial position.

10.4 School Balances and Clawback 2023/24

This report set out the year end position of schools' delegated budgets at 31 March 2024. A copy of the full report presented to the working group is provided as an appendix to the Schools Block summary report.

The overall school balances have decreased from c£73m to c£70m, an overall reduction of £3m.

Further details were provided, and members concentrated on the High Needs Block schools. It was noted that, in total 38 schools were in deficit at March 2024, which has decreased from 42 compared to the previous year.

It was also noted that the year end position did include grant funding from DfE that was allocated on an academic year basis and analysis provided by schools about their year end position at 31 March 2024 indicated that circa £11.5m of total balances are classed as 'committed'.

Clawback 2023/24

At 31st March 2024, 12 schools held balances above the clawback guidelines. This totalled £52,171. Two schools with excess balances in 2023/24, also held balances above the guideline in 2022/23.



All maintained schools received a letter on the Schools Portal on 8 May 2024, outlining the year end balance in accordance with the clawback policy.

It is proposed to hold the 2023/24 clawback funds in the Schools in Financial Difficulty reserve.

School Balances and Clawback Policy 2024/25

Whilst clawback had been suspended on year end balances at March 2020, 2021 and 2022. In July 2022, the Forum voted to reintroduce clawback at March 2023, and again voted to continue with the clawback policy in July 2023 for March 2024. The policy is as follows:

- 12% of Consistent Financial Reporting (CFR) income for all phases of maintained school
- A £75,000 minimum balance threshold will be applied.

The group were asked to consider the school balances and clawback policy to be applied at 31 March 2025. A number of schools balances and clawback options were available, and the group considered the possibilities. Individual members spoke both for and against the reintroduction of clawback, and highlighted various issues, including the increased inflationary costs pressures facing the sector and the impact of falling rolls on school budgets.

Schools Budget Reserves 2023/24

The 31 March 2022 position on Schools Budget Reserves was also considered, and it was noted that the total of all schools reserves was £97.743m, an decrease of circa £11m.

Members considered questions posed around the School Teaching and Support Staff Supply Reimbursement Scheme reserve, which ended the year with an underspend of circa £37,000. This is a significant reduction in comparison with recent year end scheme levels due to the in year changes agreed by Forum in January 2024. The overall in year position includes a surplus on the support staff scheme of just over £0.9m, which was offset by a circa £0.86m deficit on the teaching staff scheme.

The Forum has previously agreed that any year end balance above £1.5m should be redistributed to scheme members. It is proposed the £37,000 underspend is held in reserves.

Members discussed key issues highlighted in the report and made a number of recommendations.

The Working Group.

- a) Noted the report.
- b) Noted the overall position o school balances at 31 March 2024, including the induvial school level information provided in the report.
- c) Recommended that clawback of revenue balances above the threshold figure should be applied to balances at 31 March 2025.
- d) Noted the slight underspend on the supply scheme budget at 31 March 2024 and recommended that the level of scheme reserve be held in reserves.



10.5 Schools in Financial Difficulty Recovery Plan Bids

This report outlined the proposals to support schools in financial difficulty and working towards a recovery Plan.

The Schools Forum voted to implement the Clawback policy to excess school balances at 31 March 2023 due to the continued high level of balances across the authority. As a result, circa £751,000 was clawed back from eighteen Schools. During their meeting on 18 October 2023, the Schools Forum agreed to use these funds to support schools in financial difficulty who are actively working with the authority to reduce their deficit.

In line with the Schools in Financial Difficulty policy, schools will be eligible to 33% of the greater of the 2022/23 or 23/24 outturn deficit. This will be allocated over two financial years. The second year allocation will only be payable in 2025/26 if the schools continue to work with the authority and are actively working to reduce the deficit in line with their approved recovery plan.

The LA identified ten schools who are eligible for this support and analysis was provided at the working group.

The allocated funding totals circa £328,000.

The Working Group.

- a) Noted the report.

10.6 Special School Provision Increase

An update was provided at the meeting by Aby Hardy. An increase of special school places and SEN units in mainstream schools in key areas is currently proposed and awaiting cabinet approval. Due to the current pre-election period, this will now be presented at the next cabinet meeting in September 2024.

The Working Group:

- a) Noted the update.

10.7 PRU Intervention Cap

An update from Matthew Dexter, Senior Accountant School Finance, was provided to members at the meeting. It was noted that the PRU intervention Cap methodology was currently under review ahead of the 2025/26 budget setting process. Once finalised, it will be presented to the working group.

The Working Group:

- a) Noted the update.

10.8 Commissioned Place Process 2025/26

As part of the process agreed with the Schools Forum in 2020, an early notification was introduced to provide special schools and PRUs with an indicative number of places that the LA are forecasting at each school, which following approval from the inclusion service, would be incorporated in the school budget for the following financial year.



These arrangements had been amended in 2021, and the LA had again amended the process ahead of the 2022/23 academic place commissioning.

For 2023/24, with agreement with the Schools Forum, the correspondence to special schools was delayed to the autumn term 2023.

The LA are therefore proposing no process changes for 2025/26 and will issue indicative commissioned places early in the autumn term. It should be noted however that indicative places should only be used as a guide. Final and confirmed commissioned places will be agreed following discussions with the inclusion service and agreed by schools forum.

In addition, the additional place top up funding arrangements will continue to operate in 2025/26, where the actual number of pupils at each redetermination is greater than the number of places commission on the budget forecast, so a continued safety mechanism remains built into the system.

No changes are proposed to the PRU process, with correspondence on indicative place numbers for 2025/26 being circulated in autumn term 2024, to include input from the service to refine the commissioned places, and the continuation of the additional place top up funding arrangements as a continued safety mechanism.

A significant concern related to the availability of summer term census data to enable special school calculations to be produced and issued before the end of the summer term 2024.

Following discussions with members around the 2024/25 process, the views of the Working Group are now sought on the proposed High Needs Block indicative commissioned places process for 2025/26.

The Working Group:

- a) Noted the report.
- b) Recommended officers to circulate letters as soon as possible to schools.

10.9 High Needs Block Notional SEN

Due to an increase in Notional SEN queries, Matthew Dexter, Schools Finance, provided a verbal explanation of Notional SEN in school budgets. It was noted that the 2012 School Funding Reform document (linked below) is the most recent DfE guidance.

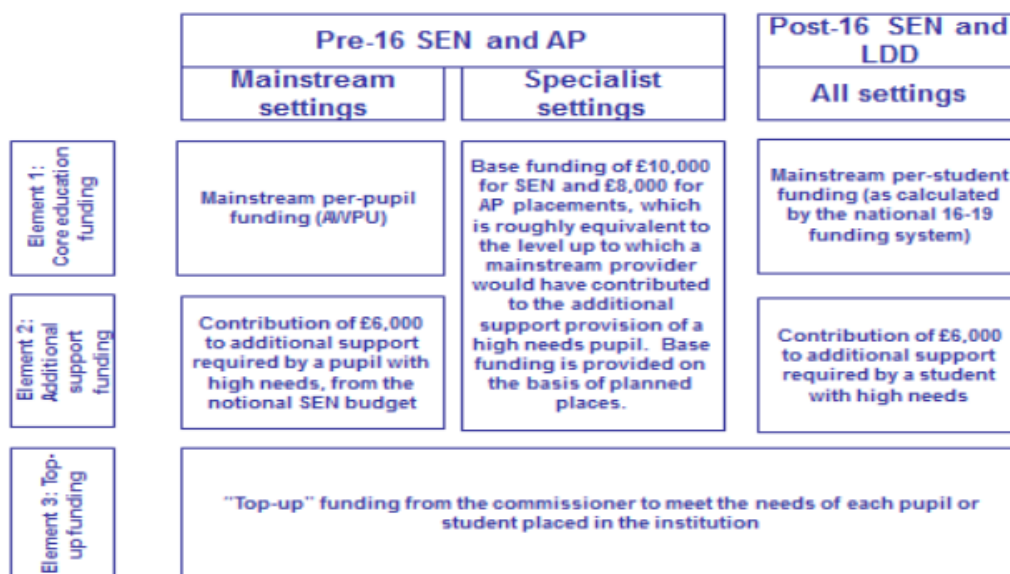
The Working Group:

- a) Noted the information.

The link and illustration below provide further information and explanation around Needs Funding which was circulated to members following the meeting.



Figure 1: Equivalence of funding for all high needs provision under a place-plus approach



3.7.7. Figure 1 sets out the composition of the elements of high needs funding under a place-plus approach, and the way in which the introduction of a place-plus funding approach would introduce consistency and equivalence of funding across all education provision for high needs pupils and students in whichever type of institution they are educated.

[school funding reform - next steps towards a fairer system.pdf](https://publishing.service.gov.uk/school-funding-reform-next-steps-towards-a-fairer-system.pdf)
(publishing.service.gov.uk)

10.10 Schools Forum Annual Report 2023/24

Each year the Schools Forum publishes an annual report setting out items of business in which the Forum has been involved

A draft report for 2023/2024 was presented for consideration.

The Working Group:

- a) Noted the report.
- b) Recommend to the Schools Forum that the 2023/24 Annual Report be approved for publication.

A copy of the updated version of the 2023/24 Annual Report is provided as an appendix to the Schools Block summary support.

