

Report to the School Forum

Meeting to be held on 10 January 2025

Item 7

Transfer of Clawback Balances to High Needs Block

Contact for further information:
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Brief Summary

This report provides information about the proposal to transfer Clawback Balances to High Needs Block.

Recommendation

The Forum is asked to:

- a) Note the report.
- b) Support the transfer of clawback from Schools Requiring additional Support (SRaS) reserves to the High Needs Block.

Detail

The Dedicated Schools Grant (DSG) reserve as at 31 March 2024 was £18.40 million, however this is forecast to be fully utilised by 31 March 2025, and expenditure may exceed the current reserve level of DSG due to the increased strain on the High Needs Block budget with demand led pressures remaining at levels well above the income received. There is currently a statutory override in place which allows local authorities to carry DSG deficit and not affect local authority general reserves, however this is currently due to end by March 2026.

Whilst a balanced budget has been forecasted in 2025/26, if the demand pressures continue to increase within the High Needs Block, a resulting overspend will occur. The pressures on High Needs Block are affecting local government as a whole and is creating significant pressure on the overall Dedicated Schools Grant.

Considering the pressures highlighted above, the LA are looking at areas where unrestricted balances can be utilised to partially offset a High Needs Block deficit if demand pressures continue to increase.



It is proposed that amounts accumulated through the Schools Forum approved clawback policy, which is currently within Schools Requiring additional Support reserves (SRaS), minus any commitments such as the SRaS bids, be transferred to the High Needs Block.

Clawback balance analysis

	£k's
Clawback accumulated 2022/23	617.3
Clawback accumulated 2023/24	<u>52.2</u>
	669.5
Committed SRaS Bids 2023/24*	<u>-327.9</u>
Clawback balance	<u>341.6</u>

* Subject to change. The 2023/24 SRaS Bids are to be paid out over two financial years, on the condition that schools adhere to their recovery plan.

Amounts retrieved through the clawback policy for 2023/24 had been significantly lower than the previously year due to 2022/23 being the first financial year to re-establish the clawback policy following several years of clawback being suspended. This change would take effect from the 2024/25 financial year to transfer the historic balance to the High Needs Block, and future clawback would continue to follow this method.

Members should be mindful of aggregate school balances remaining high with the clawback policy due for review in the summer term 2025/26.

