

Item 9

Recommendations of the High Needs Block Working Group

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Brief Summary

On 28 November 2024, the High Needs Block Working Group considered several reports, including:

- **High Needs Block Monitoring 2024/25**
- **High Needs Block Funding 2025/26**
- **High Needs Block Commissioned Places 2025/26**
- **PRU Intervention Cap**
- **High Needs Block Central Expenditure Update 2025/26**
- **Inclusion and Engagement Support Team (IEST) and Specialist Teaching Service (STS) Report**
- **Supply Cover Insurance and Maternity Scheme for Lancashire Schools Arrangements 2025/26**
- **National Wraparound Childcare Programme Funding Clawback Exemption 2024/25**

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 28 November 2024.
- b) Ratify the Working Group's recommendations.

Detail

On 28 November 2024, the High Needs Working Group considered several reports. A summary of the information presented, and the Working Group's recommendations are provided below:

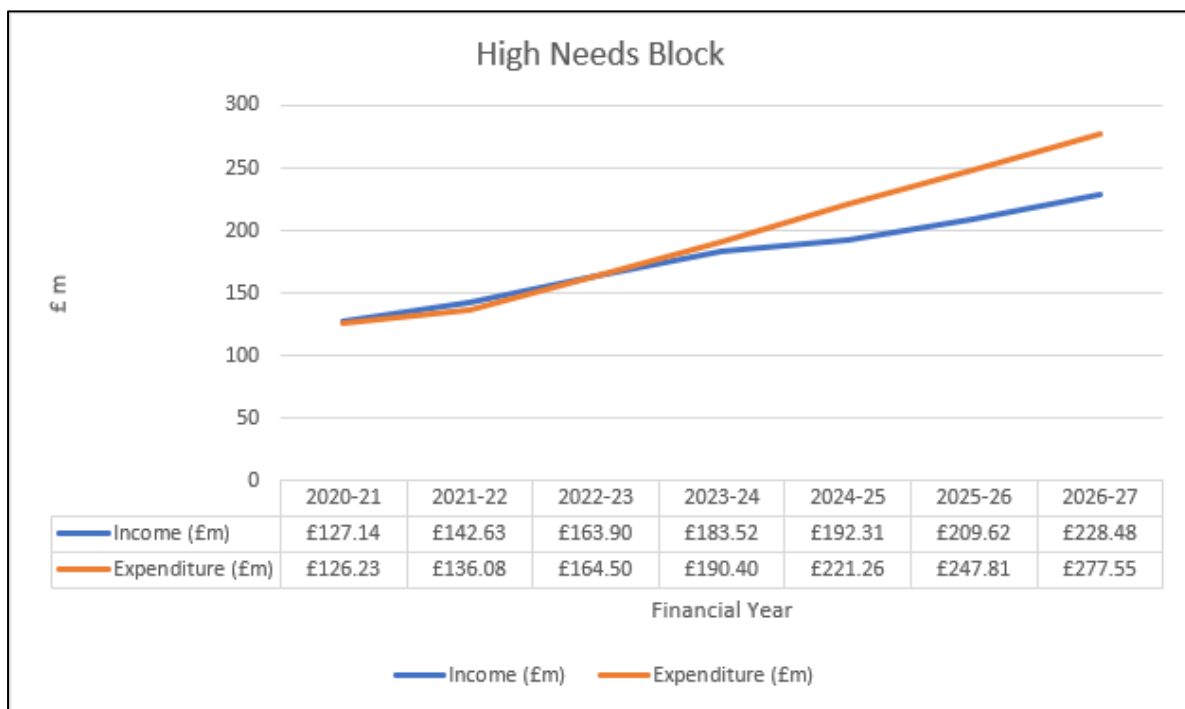
10.1 High Needs Block Monitoring 2024/25

The working group received an updated High Needs Block Monitoring Report for 2024/25. The monitoring is an estimate of the full year forecast, based on expenditure that has occurred in the period between April 2024 to October 2024.



The HNB budget is currently forecasting a circa £29.7m overspend at 31 March 2025, which will utilise our DSG reserves of £18m leaving a forecast £10m overall DSG deficit.

The graph below shows the forecasted widening gap between High Needs Block income and expenditure for future years. There remains significant ongoing financial pressure facing this block as the demand and costs continue to rise.



Concerns were raised by the working group regarding the anticipated overspend, particularly Independent and Non-maintained Special Schools (INMSS). Members were informed that if there is a DSG deficit, a higher level of scrutiny from the DfE would be expected.

The Working Group:

- a) Noted the report.
- b) Requested further information on the use of INMSS.

10.2 Backdating of Educational Healthcare Plans Funding

Matthew Dexter, Senior Accountant (Financial Management: Development and Schools), provided a verbal update at the working group around the Backdating of Educational Healthcare Plans (EHCP) Funding.

Information about the backdating of EHCP Funding has been made available to schools through the Inclusion Sway, confirming that if there is a delay in issuing an EHCP, funding will be backdated to the term it should have been issued, or on the SEN data delegation count date. Any funding prior to April 2024 will not be backdated.



Early Years EHCP funding is included as part of this change, however the process is not yet finalised.

The Working Group:

- a) Noted the information.

10.3 High Needs Block Funding Arrangements 2025/26

The working group noted a report providing information about Government announcements on school funding for 2025/26.

On 6 November 2024, the DfE published a summary policy note for schools and high needs national funding formula 2025 to 2026. This included a number of indicative announcements about the 2025/26 school funding arrangements for Schools, High Needs and the Central School Services Block.

As per established practice, no information was included on the Early Years Block. Final announcements on all funding blocks are expected shortly, followed by the LA DSG allocation in late December 2024.

Overall, core schools funding is increasing by £2.3 billion in 2025/26 compared to the previous year. Core schools funding includes funding through the schools national funding formula (NFF), high needs funding, central schools services block, and pupil premium.

In addition, it is anticipated that further funding, in respect of the increase in employers' National Insurance contributions, will be provided in 2025 to 2026 by a grant outside the NFF. DfE have indicated that further details of this grant will be published at a later date.

High Needs NFF Funding Levels

Of the £2.3 billion increase in total schools funding, almost £1 billion will be added to the overall high needs budget, bringing the total level of high needs funding in 2025 to 2026 to £11.9 billion. This increase to high needs funding is over 9% compared to the 2024 to 2025 baseline.

Of this total, £480 million will be for allocation through a 2025 to 2026 CSBG for special schools and APs, which will combine the high needs elements of the 2024 to 2025 Teachers' Pay Additional Grant (TPAG), Teachers' Pension Employers Contribution Grant (TPECG) and full-year equivalent of the Core Schools Budget Grant (CSBG). Details of the methodology for this 2025 to 2026 CSBG is expected to be published before the end of 2024.

The DfE also set aside an amount for allocations of high needs funding that are not calculated through the high needs NFF, and later NFF funding adjustments. The latter adjustments include the impact of the October 2024 school census special school numbers used for the basic entitlement factor of the NFF, which is updated through the DSG allocations published in December 2024. For 2025 to 2026 the amount held back will be £145 million.

The remainder, a total of £11.3 billion, will be allocated through the high needs NFF.



The increase in overall high needs funding has enabled the DfE to recognise the continuing high level of cost increases that most local authorities are experiencing. The high needs NFF therefore includes a funding floor that provides a minimum increase of 7% per head of a local authority's 2 to 18 population. Gains under the formula will be limited to 10% per head. Both calculations of the per head increases are applied to the majority of the formula allocations but exclude certain factors as in previous years.

The special schools protection, known as the minimum funding guarantee (MFG), will continue to apply to maintained special schools and special academies (including special free schools but excluding non-maintained special schools (NMSS) and independent schools) in 2025 to 2026. The MFG for 2025 to 2026 is 0% using schools' 2024 to 2025 funding baseline, which is equivalent to the upper end of the MFG range for mainstream schools.

Structure of the High Needs National Funding Formula 2025/26

The structure of the NFF will remain the same as 2024/25 and, with the exception of the funding floor and gains limit percentages, the same factor values and weightings will apply as in previous years. In particular, the historic spend factor will remain at the same cash value as in 2024 to 2025, which will be equivalent to an average of 25% of local authorities' 2025 to 2026 allocations.

Dedicated schools grant (DSG) transfers

LAs are able to transfer up to 0.5% of their Schools Block funding to other blocks with the agreement of the Schools Forum, following a consultation with schools. Once the 2025/26 LA allocations are received in December, if there is headroom in schools block, it is proposed that any remaining headroom should be transferred to the high needs block to mitigate ongoing financial pressures. Assuming current trends of expenditure and funding growth, we are forecasting full utilisation of our £18m DSG reserves by the end of 2024/25 due to pressures within the High Needs Block. By 2026/27, an in-year gap of £49.07m and cumulative DSG deficit of c£100m is forecasted by March 2027. Therefore, a transfer between the blocks would offset some of the high needs block deficit forecasted in 2025/26.

A recent consultation with primary schools, secondary schools and academies took place regarding whether any available headroom in Schools Block should be transferred to the High Needs Block. The results will be included as part of the upcoming January 2025 Schools Forum meeting.

The Working Group:

- a) Noted the report.

10.4 High Needs Block Commissioned Places 2025/26

Each year the LA must submit a return to the DfE setting out the proposed changes to place numbers at certain types of institution, which are funded directly by the ESFA.

The 2025/26 High Needs Place Change Notification return for Lancashire was submitted by the deadline of 8 November 2024. The place change return included sections for:



- Special Academy Schools.
- FE Colleges.
- Mainstream Academy Schools - Post 16.
- Alternative Provision Academies.
- Hospital Education Places.
- Academy SEN Unit places.

The proposed 2025/26 commissioned places have been determined in consultation by authority services with the relevant providers.

Information about 2025/26 place proposals for institutions included on the return is provided in Appendix A.

Local Place Changes

In addition to those commissioned places that must be included on the DfE submission, the LA must commission other places locally.

Appendix A also includes 2025/26 commissioned place proposals for:

- Maintained Special Schools - Pre 16.
- Maintained Special Schools - Post 16.
- Alternative Provision.
- Maintained Mainstream Provision – SEN units and SERF Units.
- Special Post 16 Institutions.

Commissioned places for Special Schools, PRUs and units in mainstream schools for 2025/26 are included in Appendix A.

Independent and Non-maintained special schools

Separate arrangements exist for commissioning places at independent and non-maintained special schools.

Fortnightly panels meet to consider these placements and places are commissioned for those pupils where places at independent and non-maintained special schools are agreed.

The costs of these places will be dependent on the needs of the individual children. Members will be aware that there are significant pressures on the independent budget and that strategies are being implemented to ensure that more pupils are being supported in Lancashire schools going forward.

Arrangements for paying top-up funding to schools and other institutions.

Lancashire pupil related top up funding (pre and post 16) is currently calculated using Weighted Pupil Numbers (WPNs), which are used to fund the assessed need of each High Needs Pupil.

Top-up funding is re-determined up or down termly in line with the SEN counts in January, May and October.



School specific top-up funding will also be allocated to special schools for the total number of all pre and post 16 Lancashire pupils on the SEN count, to reflect different school related costs.

Similarly, the funding mechanism for AP provides a top-up based on the needs of individual pupils and also a Pupil Referral Unit Specific top-up.

Funded terms

April - August	September - December	January - March
5/12	4/12	3/12

The Working Group:

- a) Noted the report.

10.5 PRU Intervention Cap 2025/26

In 2019/20, a cap on intervention places was introduced following a review of intervention provision in the county. This methodology placed a cap based on census data from October 2018 and has remained unchanged since its implementation. Following discussions with the sector and Schools Forum, it was agreed that the PRU Intervention Cap would be reviewed ahead of the 2025/26 budget setting process.

There has been a noticeable rise in intervention places since the original implementation. The average percentage of intervention places from the October 2018 census was c15%, in comparison, the October 2023 census was c21% of places.

Senior Schools Finance officers attended recent PRU sector meetings to discuss the changes and the following proposal was agreed.

Starting from 2025/26 academic year, the cap will be realigned based on the percentage of intervention places to total places for future years. This would change each year dependant on the October census, for 2025/26 this would be based on October 2024 census data.

If the implementation had occurred in 2024/25 using the October 23 census, this would have been based on 21%, resulting in an estimated £43,167 of additional funding. It should be noted that funding could increase or decrease dependant on termly census data.

Members were informed these changes will be included as part of the proposed 2025/26 budget and is a starting point for further changes relating to PRUs and SEN.

The Working Group:

- a) Noted the report.



10.6 High Needs Block Central Expenditure Update 2025/26

The central expenditure within the High Needs Block and Central Schools Services Block (CSSB) allows the LA to carry out central functions on behalf of pupils in maintained schools and academies. In preparation of setting the 2025/26 School Budget, central expenditure within the funding blocks has been reviewed in line with the ESFA regulations and recent School Forum decisions.

The central expenditure changes between the approved 2024/25 budget and the proposed 2025/26 budget are highlighted in red.

The LA is expected to receive final Dedicated Schools Grant allocations in late December 2024 and these changes will be included in the 2025/26 budget and will be presented at the Schools Forum in January 2025.

Central High Needs Block (HNB) Expenditure	2024-25 Approved Budget (£m)	2025-26 Proposed Budget (£m)
Early Intervention	£0.35	£0.00
Private Finance Initiative (PFI)	£1.44	£1.44
Commissioned Alternative Provision services	£1.24	£1.24
Hospital Provision	£1.17	£1.17
Independent Specialist Provision - Pre 16	£27.50	£27.50
Independent Specialist Provision - Post 16	£6.40	£6.40
Out County - Mainstream / academies places	£2.50	£2.50
SEND - Specialised Equipment	£0.70	£0.70
SEND Projects - Inclusion Engagement Support Team (IEST)	£0.75	£0.75
SEND - Specialist Teaching Service	£4.00	£4.35
Multi Agency Development	£0.08	£0.00
Support for Vulnerable Pupils - Elective Home Education	£1.00	£0.00
Overheads	£0.60	£1.50
Sub Total	£47.71	£47.54

Central Schools Services Block (CSSB) Expenditure	2024-25 Approved Budget (£m)	2025-26 Proposed Budget (£m)
ESG Retained Duties (transferred to DSG)	£2.59	£2.59
Overheads	£0.85	£0.88
Rates appeals	-£0.08	-£0.08
Copyright Licence	£1.20	£1.20
Pupil Access (Admissions)	£1.40	£0.87
School Forum	£0.19	£0.19
PFI - Historic	£0.65	£0.70
PFI - Current	£2.02	£2.40
Sub Total	£8.83	£8.75



The Working Group:

- a) Noted the report.

10.7 Inclusion Engagement Support Team (IEST) and Specialist Teaching Service (STS) Update

Sapphire Murray, Specialist Teaching Senior Manager, provided reports and a presentation with an overview of IEST and STS feedback of their services from schools.

Inclusion and Engagement Team

The Inclusion Engagement Support Team (IEST) is currently a temporary service that is funded from the DSG High Needs Block (SEND/Inclusion Projects) until 31st August 2025 with an annual cost of £750,000.

This team was established in 2021 to support inclusion and prevent exclusion of children and young people in mainstream education with an Education Health and Care Plan (EHCP). Last year the service expanded their offer to support children at risk of exclusion at SEN support. The team consists of 12.2 FTE staff members, made up of inclusion teachers and learning mentors.

Specialist Teaching Service

The Specialist Teaching Service (STS) is a part traded service that is partially funded from the DSG High Needs Block (SEND Specialist Teaching Service). In the financial year 2024/25 the service was allocated £3m from the DSG High Needs Block.

The service provides SEN support, writes advice as part of an Education, Health, and Care needs assessment / review, and provides regular support outlined in an Education Health and Care Plan (EHCP). The Specialist Teaching Service consists of 104.8FTE Specialist Teachers, Inclusion Teachers, HLTAs, Learning mentors and sensory support roles.

As part of the presentation, it was proposed to the Working Group the temporary IEST service would be funded through a repurposing of the central High Needs Block, this would have a net nil cost to the High Needs Block.

The Working Group:

- a) Noted the information.
- b) Agreed with the Central High Needs Block repurposes proposal.

10.8 School Teaching and Support Staff Supply Reimbursement Scheme 2025/26

Each year reports are presented to the Forum about the arrangements for the School Teaching and Support Staff Supply Reimbursement Scheme. This report sets out proposals for the 2025/26 Scheme changes for consideration.

Outturn Position 2023/24

The Supply Insurance Scheme had been underspent by £37,080 for the year 2023/24. The Schools Forum agreed to hold this underspend within the Supply Reimbursement Scheme reserve. The reserves are currently held at £1,537,080.



Scheme Arrangements 2024/25

The scheme arrangements agreed with the Forum looked to increase premiums in line with increasing the reimbursement rates.

Following the finalisation of the supply scheme arrangements with the Forum in January 2024, individual offers were issued to schools and academies for consideration.

In 2024/25, 1 additional school joined the scheme in comparison to the previous year. For reference, 35 fewer schools signed up for the scheme in 2023/24 than were involved in 2022/23.

April 2024 to October 2024 Monitoring

In 2023/24, the processing of claims moved to within the Schools Finance team, this has allowed us to monitor the scheme closely. The claims processed from April 2023 to October 2023 was 41% of the total claims for the year 2023/24. Using this methodology for the 2024/25 scheme, it is assumed that 41% of the total number of claims were submitted by October 2024 and therefore c60% of the scheme expenditure is yet to be utilised. On this basis, the scheme is forecasting a circa £144,000 underspend at March 2025. This is also based on the trend that the LA received a large influx of claim submissions prior to the year end deadlines. Modelling is provided in the table below.

Year	Number of claims submitted April - October	Number of claims submitted April - March	Percentage of claims submitted by October	Scheme Outturn Position
2023/24	1378	3342	41%	£37,080
2024/25	1418	3459 Forecast	41%	£144,304 Forecast

Members should be aware that the scheme outturn for 2024/25 may subject to change if the number of claims is lower or higher than anticipated.

As per usual practice, the scheme outturn for this financial year, will be presented to the working groups during the summer term meetings.

Scheme Proposals 2025/26

Scheme Operation

The operation of the scheme has been flexible in recent years. It is proposed that the existing scheme rules operating in 2024/25 should remain in place for 2025/26, subject to the following amendments:

- Simplified the Shared Parental Leave (SPL) sections in the Service Level Agreement for teachers maternity and paternity.
- Introduced a clear methodology for calculating teachers paternity SPL.



Scheme Premiums

A 5.5% increase had been awarded for teaching staff from September 2024, for support staff an average of 5% had been awarded from April 2024. It is usual practice to increase teaching and support staff premiums annually so that reimbursement rates can also increase in line with pay rises for the different categories of staff.

Reimbursement rates

It is proposed that the reimbursement rates be increased for 2025/26 in line with the proposed increase in scheme premiums.

Options for Consideration

- For simplicity, to increase charges and reimbursements by 5.5% for both Teaching and Support supply schemes.
- To keep in line with the recent pay awards, increase charges and reimbursements by 5.5% for the Teaching supply scheme and 5% for the Support supply scheme.
- Apply no changes to the charges or reimbursement rates and keep this static at the 2024/25 rates.

Service Offer to Schools

Once scheme arrangements and charging/reimbursement rates are finalised by the Forum in January 2025, a formal individualised 2025/26 scheme offer will be issued to all schools and academies.

The Working Group:

- a) Noted the report.
- b) Recommended the Teaching supply scheme charges and reimbursements increase by 5.5%.
- c) Recommended the Support supply scheme charges and reimbursements increase by 5%.
- d) Supported the proposed SPL amendments.

10.9 National Wraparound Childcare Programme Funding Clawback 2024/25

The National Wraparound Childcare Programme is a government initiative aimed at increasing the availability of wraparound childcare, such as breakfast and after-school clubs, for primary-aged children. This programme is designed to support working parents by providing reliable childcare options from 8am to 6pm during term time.

The government has allocated £289 million over two academic years to support this programme.

The funding is intended to help local authorities ensure there is sufficient wraparound childcare in their areas. This includes both expanding existing services and creating new ones.

Local authorities, schools, trusts, and private, voluntary, and independent (PVI) providers can apply for this funding to support their wraparound childcare services.



The funds can be used for various purposes, such as increasing capacity, improving facilities, and ensuring the provision of high-quality childcare that meets the needs of working parents.

Lancashire's funding received to date is £2,187,228, final allocations are yet to be confirmed by the DfE. It is anticipated that will be allocated to schools and settings this financial year.

To date, 57 schools have had revenue funding agreed. The range of this funding for schools is £1,750 up to a maximum of £36,000.

Currently, grant agreements are being drawn up and schools receive the funding once these are completed by school and the LA. Therefore, the allocation timescales will vary for each school.

In addition, the number of schools will continue to increase as the LA have deferred a number of applications that require further work and the LA working with more schools who will submit applications to panel in December, January and February.

The local authority is therefore proposing to exempt the revenue wraparound funding from the clawback policy at 31 March 2025. Members should be aware, if this exemption is agreed, it will be exempt for one year only.

The Working Group:

- a) Noted the report.
- b) Supported the proposal to exempt National Wraparound Childcare Programme Funding from clawback for 31 March 2025.

Any Other Business

Officers raised the following item under any other business.

Transfer of Clawback retained to the High Needs Block

Considering the increasing High Needs deficit, officers are looking into transferring amounts retained as clawback minus any Schools In Financial Difficulty bids to the HNB. This process would not have a large impact on the HNB deficit, however it would show the LA are moving balances to offset HNB difficulties.

Members should be mindful of the message sent to the DfE when combined school balances remain high, as this could suggest schools are not facing financial difficulties. The clawback policy will be reviewed for 2025/26.

The Working Group:

- a) Noted the information.

