

Item 7

Recommendations of the High Needs Block Working Group

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Brief Summary

On 4 March 2025, the High Needs Block Working Group considered several reports, including:

- **Schools Forum membership**
- **High Needs Block Monitoring 2024/25**
- **High Needs Block Budget 2025/26**
- **2026/27 Schools Block Transfer to the High Needs Block**
- **Alternative Provision**

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 4 March 2025
- b) Ratify the Working Group's recommendations.

Detail

On 4 March 2025, the High Needs Working Group considered several reports. A summary of the information presented, and the Working Group's recommendations are provided below:

7.1 Schools Forum membership **Forum Membership Numbers**

The Schools Forum regulations require that the balance of Forum membership for maintained primary schools, maintained secondary schools and academies is reviewed to ensure that the number of Forum representatives in these groups is proportionate to the pupil populations across the schools.

Now that the final October 2024 census numbers are available, the Forum membership has been reviewed against the latest pupil data, academy conversions



post census date and conversions anticipated up until 31st March 2025. An analysis is provided below:

<i>Phase</i>	<i>Current Membership</i>	<i>NOR January</i>	<i>% of NOR January 2025</i>	<i>Membership</i>	<i>Membership September 2025 (rounded)</i>	<i>Variance</i>
Maintained Primary schools	22	86,244	50%	20.14	20	0.14
Maintained Secondary schools	10	32,490	19%	7.59	8	-0.41
Academies	8	52,527	31%	12.27	12	0.27
Total	40	171,260	100%	40	40	0

Members will recall that the Forum membership for maintained primary schools, maintained secondary schools and academies is rounded to the nearest even number, so that an equal number of Headteacher/Principal and Governorship representatives can be appointed.

Due to the number of academy conversions in 2024/25, the data shows that a reduction in the number of maintained representatives and an increase of academy representatives is required from September 2025. It is envisioned this will be achieved naturally during the annual review process. If the reduction does not occur through the annual review, then schools members wish to continue, appointment date and term of office will be taken into account, and if necessary, lots will be drawn to identify which members are no longer able to serve on the Forum.

The county council is aware that there are a number of academy conversions planned during 2025 and will keep the membership balance under review ahead of the annual membership refresh for September 2025.

Annual Forum Membership Review

The annual membership review was distributed to members on 5th March 2025, this gives members the opportunity to continue or leave their Forum post from September 2025.

As part of the membership review, members requested the geographic membership distribution across the authority to be reviewed. This showed each district within the county is represented by a maintained voting member on the Forum. The review will be shared to members at the Working group.

In addition, please note voting members who failed to attend three consecutive meetings, without good reason or apologies, the Forum have the power to disqualify that member from continuing to hold office on the Forum. This will be reviewed following the March 2025 cycle of meetings, in line with the Operational Arrangements.

Please use the link below to let us know if you wish to continue as a forum member from September 2025, the deadline for submissions is 28th March 2025.



The outcome of the review will be communicated to the Schools Forum in the Summer Term.

The Working Group is asked to:

- a) Note the information
- b) Noted the lack of Academy Representation and that Academies have different format for Governors, i.e. Trustees in Law

7.2 High Needs Block Monitoring 2024/25

Due to the cost and demand led pressures on the High Needs Block budget, arrangements were introduced from 2018/19 to provide the Forum with termly budget HNB monitoring.

Period 1 to 10 2024/25 data is now available, and the monitoring and analysis is provided at Appendix A.

The HNB budget is currently forecasting a circa £35.44m overspend at 31 March 2025.

The monitoring is an estimate of the full year forecast, based on expenditure that has occurred in the period between April 2024 – January 2025.

There remains significant ongoing financial pressure facing this block as the demand and costs continue to rise.

The Working Group:

- a) **Noted the Report**

7.3 High Needs Block Budget 2025/26

At the Schools Forum on 10th January 2025, decisions, and recommendations about the 2025/26 Schools Budget were agreed.

In connection with the High Needs Block, the Forum unanimously supported the 2025/26 High Needs Block proposals, including:

- The increased HNB allocation being utilised to cover the growth in High Needs expenditure from April 2025.
- Special School and PRU/AP School Specific factors uplifted by 0.5% in line with schools block funding increases.
- No increase to the weighted pupil number/banding top up values supporting all high needs pupils, and to remain at the 2024/25 value due to the pressures within the high needs block.

On 16th January 2025, the County Council's Cabinet formally approved the Schools Budget for 2025/26.

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. It has been recently recognised by the DfE of the need to reform England's special educational needs and disabilities (SEND)/High Needs Block provision to improve outcomes and return the system to financial sustainability. The government are committing to working with parents, teachers, and local authorities to take this work forward.

The Dedicated Schools Grant 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. This is due to 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 effect local authority general reserves, however this is currently due to end by March 2026.

Some elements of the Schools Budget required compliance checking by the ESFA, and approval was received on 25th February 2025. Individual School Budgets were released on 27th February 2025.

Since 2022/23, the DfE now calculate the PPG allocations based on October school census data, rather than the January school census.

Once we receive the confirmed 2025/26 PPG allocations from the DfE, we will inform schools of their actual PPG allocation for 2025/26 later in the financial year.

Academy schools will receive their PPG allocations directly from the ESFA

The Working Group:

- a) Noted the report and Presentation.**
- b) Members noted comments:**
 - a. Schools forum members encouraged to contact MP's etc. individually to raise concerns on historic funding, ongoing funding issues etc**
 - b. Clawback guideline currently 12% - does this need to be reviewed to encourage spend**
 - c. Change of legalities – inclusivity in schools and the impact on the funding – rebalance across High Needs Block and Schools Block**
 - d. LA reforms impacted funding – Blackpool not a part of Lancashire, changed the dynamic of the LA - deprivation/need**

7.4 2026/27 Schools Block Transfer to the High Needs Block 2025/2026

The Regulatory framework continues to allow local authorities to be able to transfer up to 0.5% (c£5.2m) of their schools block allocation to other blocks of the Dedicated Schools Grant with schools forum approval.

In recent years, when headroom has been available this has been transferred to support demand and cost led pressures in other funding blocks, with the current and most significant pressures within the High Needs Block.



For the previous two financial years there has been a deficit budget position on schools block in 2023/24 and 2024/25 of £1.879m and £1.154m respectively, with Dedicated Schools Grant reserves used to mitigate pressures in the funding block.

Due to pressures on DSG, a methodology was consulted on with schools and agreed with schools forum to balance schools block in 2025/26 without the use of DSG reserves by not passporting through the full increase on the NFF basic entitlement factor. If any headroom was available after this methodology, schools forum approval was given to transfer to the High Needs Block

To mirror the NFF and to be within the NFF regulations, the revised factor value must be within 2.5% of the respective NFF value.

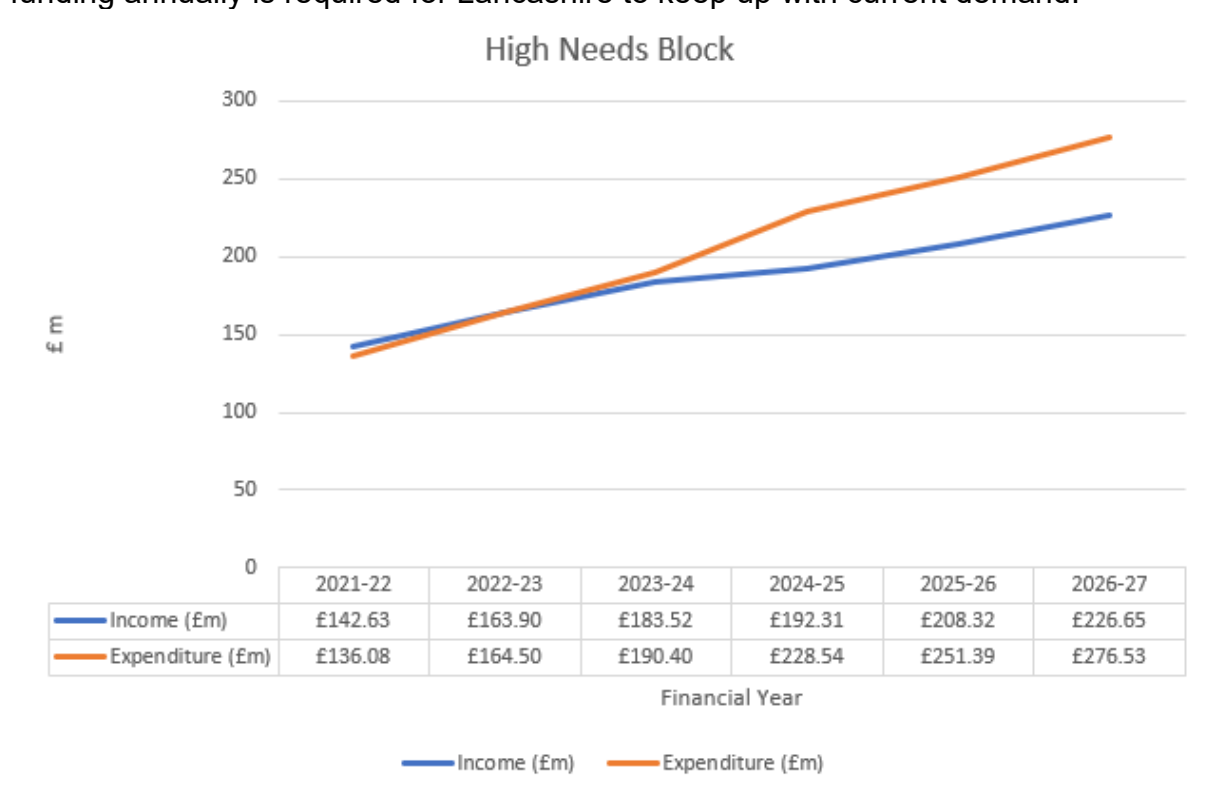
Following the modelling and application of the methodology agreed, the revised basic entitlement factor was 99.33% of the 2025/26 NFF factor and within the 2.5% allowable. This allowed a balanced budget position within schools block to be set in 2025/26, however no further headroom was available to transfer to the High Needs Block.

Without the application of the agreed methodology there would have been a £3.33m deficit on schools block in 2025/26.

2026/27

Historically there hasn't been a transfer from schools block to HNB, however due to the pressures on the High Needs Block this is likely to be needed for 2026/27.

The recognition of SEND reform is welcome by the government with additional funding received in 2025/26, however it is not enough to keep pace with current demand. Based on the current projections, an estimated £40-50m of additional HNB funding annually is required for Lancashire to keep up with current demand.



2026/27 Modelling

Using 2025/26 data, modelling has been undertaken to show the impact of a possible transfer in line with the NFF regulations using the basic entitlement reduction of up to 2.5%. The table below shows the 2025/26 NFF basic entitlement factor, the minimum basic entitlement factor, maximum basic entitlement factor and the agreed 2025/26 basic entitlement factor agreed within the 2025/26 schools budget.

Factor	2025/26 NFF Basic Entitlement	2025/26 NFF Min Basic Entitlement	2025/26 NFF Max Basic Entitlement	2025/26 Agreed Basic Entitlement
Primary basic entitlement	£3,847	£3,751	£3,943	£3,821
KS3 basic entitlement	£5,422	£5,286	£5,558	£5,385
KS4 basic entitlement	£6,113	£5,960	£6,266	£6,072

The ranges of a possible transfer and impact across schools block are listed below. The maximum allowable transfer in line with the factor values would be 0.42%, equivalent to £4.3m, with the minimum transfer 0.12%, equivalent to £1.2m.

The total number of primary, secondary, and all-through schools are listed below.

Primary – 481
 Secondary – 80
 All through – 2
 Total – 563

1% Reduction (0.12% Transfer)		
Basic Entitlement		
Age Weighted Pupil Unit (AWPU)		
Primary (Years R-6)	Key Stage 3 (Years 7-9)	Key Stage 4 (Years 10-11)
£3,809		
	£5,368	£6,052

1% Reduction (0.12% Transfer)		
	Difference in Funding	Average Impact
Primary	£559,034	£1,162
Secondary	£658,051	£8,226
All-Through	£3,400	£1,700
Total Impact/Average	£1,220,485	£2,168

1.25% Reduction (0.2% Transfer)		
Basic Entitlement		
Age Weighted Pupil Unit (AWPU)		
Primary (Years R-6)	Key Stage 3 (Years 7-9)	Key Stage 4 (Years 10-11)
£3,799		
	£5,354	£6,037



1.25% Reduction (0.2% Transfer)		
	Difference in Funding	Average Impact
Primary	£976,115	£2,029
Secondary	£1,070,995	£13,387
All-Through	£6,160	£3,080
Total Impact/Average	£2,053,270	£3,647

1.5% Reduction (0.25% Transfer)		
Basic Entitlement Age Weighted Pupil Unit (AWPU)		
Primary (Years R-6)	Key Stage 3 (Years 7-9)	Key Stage 4 (Years 10-11)
£3,789		
	£5,341	£6,021

1.5% Reduction (0.25% Transfer)		
	Difference in Funding	Average Impact
Primary	£1,342,161	£2,790
Secondary	£1,394,910	£17,436
All-Through	£8,898	£4,449
Total Impact/Average	£2,745,969	£4,877

1.75% Reduction (0.3% Transfer)		
Basic Entitlement Age Weighted Pupil Unit (AWPU)		
Primary (Years R-6)	Key Stage 3 (Years 7-9)	Key Stage 4 (Years 10-11)
£3,780		
	£5,327	£6,006

1.75% Reduction (0.3% Transfer)		
	Difference in Funding	Average Impact
Primary	£1,626,835	£3,382
Secondary	£1,625,094	£20,314
All-Through	£11,523	£5,762
Total Impact/Average	£3,263,452	£5,797

2% Reduction (0.35% Transfer)		
Basic Entitlement Age Weighted Pupil Unit (AWPU)		
Primary (Years R-6)	Key Stage 3 (Years 7-9)	Key Stage 4 (Years 10-11)
£3,770		
	£5,314	£5,991

2% reduction (0.35% Transfer)		
	Difference in Funding	Average Impact
Primary	£1,896,431	£3,943
Secondary	£1,797,512	£22,469
All-Through	£14,223	£7,112



Total Impact/Average	£3,708,166	£6,586
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2.5% Reduction (0.41% Transfer)		
Basic Entitlement Age Weighted Pupil Unit (AWPU)		
Primary (Years R-6)	Key Stage 3 (Years 7-9)	Key Stage 4 (Years 10-11)
£3,751		
	£5,286	£5,960

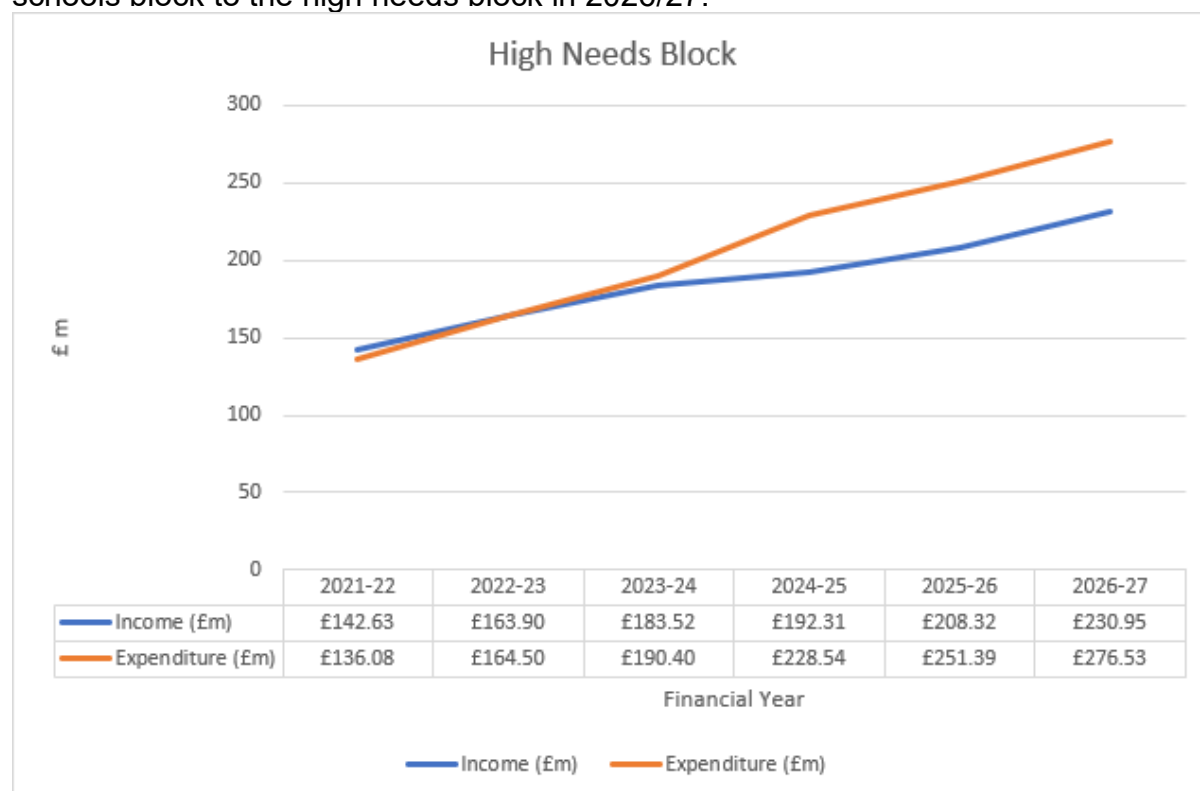
2.5% reduction (0.41% Transfer)		
	Difference in Funding	Average Impact
Primary	£2,302,584	£4,787
Secondary	£2,025,180	£25,315
All-Through	£18,049	£9,024
Total Impact/Average	£4,345,813	£7,719

Based on current data, it should be noted that if the maximum 0.50% transfer from schools block to high needs block is sought, then a further 0.09% (c£1m) would be required. To achieve this, the proposal would be to reduce the lump sum element in line with the NFF regulations.

Using the basic entitlement and lump sum factors to achieve this, provide consistency and equitably across schools.

Impact of 0.41% (£4.3m) Transfer

The below graph shows the financial impact of a 0.41% (£4.3m) transfer from schools block to the high needs block in 2026/27.



In a wider context, it is worth noting that the pressures on Dedicated Schools Grant (DSG) budgets is of national concern. The DfE have indicated that there are an increasing number of local authorities that are now incurring a deficit on their overall DSG accounts, because of overspends on the High Needs Block. Lancashire, at the start of the current financial year, retained a positive DSG reserve, which is forecasted to be fully exhausted by March 2025. Any DSG deficits will need to be repaid in future years, putting even greater pressure on the funding available for schools.

Any decision taken about a Schools Block transfer would only relate to 2026/27 will be consulted with schools as part of the annual budget setting process and will be voted on by schools forum in autumn 2025.

Whilst the funding regulations allow schools forum to approve a maximum of 0.5% transfer from schools block to the high needs block, local authorities can submit a disapplication to the secretary of state if they wish to transfer above 0.5%.

The Working Group:

- a) **Noted the Report.**
- b) **Members noted ongoing issues:**
 - a. **Lagged funding e.g. FSM**
 - b. **0.5% transfers are a short term solution – need to get to the bottom of the underlying issues**

7.4 Alternative Provision

Sapphire presented Appendix B

Noted mentions:

More trials and evidence for primary schools would be useful

Safeguarding responsibility to remain with school

Needs to be clear that it is a short term option and clear contract with regards to financing and obligations to ensure that costs do not spiral for individual schools and expectations are managed for all parties

Funding from AP / HNB – unknown impact at the moment but there is a reporting mechanism available to show use of funds which is to be reported back to forum

The Working Group:

- a) **Noted the report.**

