

Item 8

Recommendations of the High Needs Block Working Group

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Brief Summary

On 2 October 2025, the High Needs Block Working Group considered several reports, including:

- 1. Dedicated Schools Grant Monitoring 2025/26 and 2026/27 Forecast**
- 2. Clawback Exemption Request**
- 3. Inclusion Hubs**
- 4. Strategic Support Partnership Handbook - SRAS De-delegation Criteria 2026/27**

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 2 October 2025.
- b) Ratify the Working Group's recommendations.

Detail

On 2 October 2025, the High Needs Working Group considered several reports. A summary of the information presented, and the Working Group's recommendations are provided below:

1. Dedicated Schools Grant Monitoring 2025/26 and 2026/27 Forecast

Detail

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.

Following the reporting of the council's DSG deficit of £22m at March 2025, monitoring has been provided showing the period 1-5 budget monitoring position of the full DSG and longer-term financial forecast.



The DSG is currently forecasting a **£54.036m** overspend at 31 March 2026, with a forecast cumulative DSG deficit total of **£76.453m**. **There are however additional forecast financial implications on DSG due to the SEND recovery plan, which are included in this report.**

There remains significant ongoing financial pressure facing the HNB block as the demand and costs continue to rise as the number of children and young people with EHCPs continues to grow, but the HNB Block funding from DfE has not kept paced and increased in line with this growth. Over the years, this has created financial pressures on a national level resulting in many authorities holding deficit DSG balances.

The remaining DSG funding blocks are forecast to remain near to the agreed budget line.

A full monitoring breakdown of the HNB has been provided at **Appendix A**.

DSG Period 1-5 Budget Monitoring 2025/26

DSG Monitoring 2025/26 - High Level Summary			
	Budget (£)	Forecast (£)	Variance (£)
High Needs Block	£208,328,762	£261,936,945	-£53,608,183
Early Years Block	£202,149,983	£202,060,288	£89,695
Schools Block	£1,051,778,166	£1,052,188,174	-£410,008
Central School Services Block (CSSB)	£8,633,102	£8,491,697	£141,405
Early Years Block DSG Adj 2024/25	£0	£248,456	-£248,456
Total	£1,470,890,013	£1,524,925,560	-£54,035,547



High Needs Block 2025/26			
	Budget (£)	Forecast (£)	Variance (£)
Mainstream Schools	40,534,901	59,146,448	18,611,547
Special Schools	94,617,441	96,114,727	1,497,286
Alternative Provision	14,432,767	17,056,312	2,623,545
Further Education - Post 16	5,801,448	7,534,260	1,732,812
Early Years	500,000	3,526,446	3,026,446
Exclusions	- 1,500,000	- 1,777,335	- 277,335
Commissioned Services	54,464,373	80,336,086	25,871,713
Total Expenditure	208,850,930	261,936,945	53,086,015
Total Grant	- 208,850,930	- 208,328,762	522,168
Total Variance	- 0	53,608,183	53,608,183

Early Years Block 2025/26			
	Budget (£)	Forecast (£)	Variance (£)
Under 2YO	57,342,256	57,342,256	-
2YO	51,328,199	51,328,199	-
3_4 YO	87,101,163	87,709,062	607,898
Early Years DAF	970,830	970,830	-
Early Years PPG	3,161,301	3,161,301	-
SEN Inclusion Fund	1,650,000	1,548,640	- 101,360
Total Expenditure	201,553,750	202,060,288	- 506,538
Total Grant	- 201,553,749	- 202,149,983	596,234
Total Variance	- 0	- 89,696	89,695

Schools Block 2025/26			
	Budget (£)	Forecast (£)	Variance (£)
Maintained Schools	703,875,895	688,302,665	15,573,230
Growth	1,501,534	2,150,812	-649,278
Academy Recoupment	342,576,091	357,273,718	-14,697,627
Academy Recoupment NNDR	1,552,481	2,067,843	-515,362
De-Delegations	2,272,165	2,393,136	-120,971
Total Expenditure	1,051,778,166	1,052,188,174	-410,008
Total Grant	-1,051,778,166	-1,051,778,166	0
Total Variance	0	410,008	-410,008



CSSB 2025/26			
	Budget (£)	Forecast (£)	Variance (£)
ESG Retained Duties (transferred to DSG)	2,591,000	2,591,000	0
Overheads	875,160	875,160	0
Copyright Licence	1,209,749	1,311,844	-102,095
School Forum	188,000	188,000	0
Pupil Access (Admissions)	867,500	867,500	0
Rates appeals	-111,441	-111,441	0
PFI - Sixth Form	3,013,134	2,769,634	243,500
Total Expenditure	8,633,102	8,491,697	141,405
Total Grant	-8,633,102	-8,633,102	0
Total Variance	0	-141,405	141,405



SEND Priority Action Plan – DSG Impact

Whilst the monitoring position shows current DSG spend to date, the implementation of the SEND Priority Action Plan (PAP) is forecast to further increase the financial pressure on the HNB DSG.

With an additional 3,818 EHCPs forecast to be completed by December 2025, the Lancashire rate of children with EHCP in special schools is currently 48.4%, which is almost 10% higher than the national figure of 38.6%. Assuming the same rate of pupils that are assessed in this calendar year will require a special school placement, there will be a requirement for 1,848 additional places across our estate to secure appropriate provision and name it in the final EHCP. For context, there are currently 3,918 pupils occupying a place at Lancashire special schools.



Due to Lancashire special schools being at full capacity, there will be a further need to utilise the independent sector at an average placement cost of £57,000. This will also increase our current reliance on independent schools from 5.1%, which is already over the national level of 4.8%. The remaining 51.6% (1,970) are assumed to be placed within mainstream schools at an average placement cost of £9,100, however **the financial implications will only be known once all EHCPs are finalised.**

With our current total EHCP level 13,402 as of the end of June 2025, the additional 3,818 will take our total number of EHCPs to 17,220 by the end of December 2025. It is assumed that these additional plans will remain in the system and not be ceased, as such significantly increasing our HNB expenditure annually. In addition, a growth factor of 10.50% has been forecasted from January 2026, which is forecast to take the total EHCPs to 17,673 by March 2026.

£57,000 x 1,848 (rounded) = **£105,330,984 (Annual)**

£9,100 x 1,970 (rounded) = **£17,927,801 (Annual)**

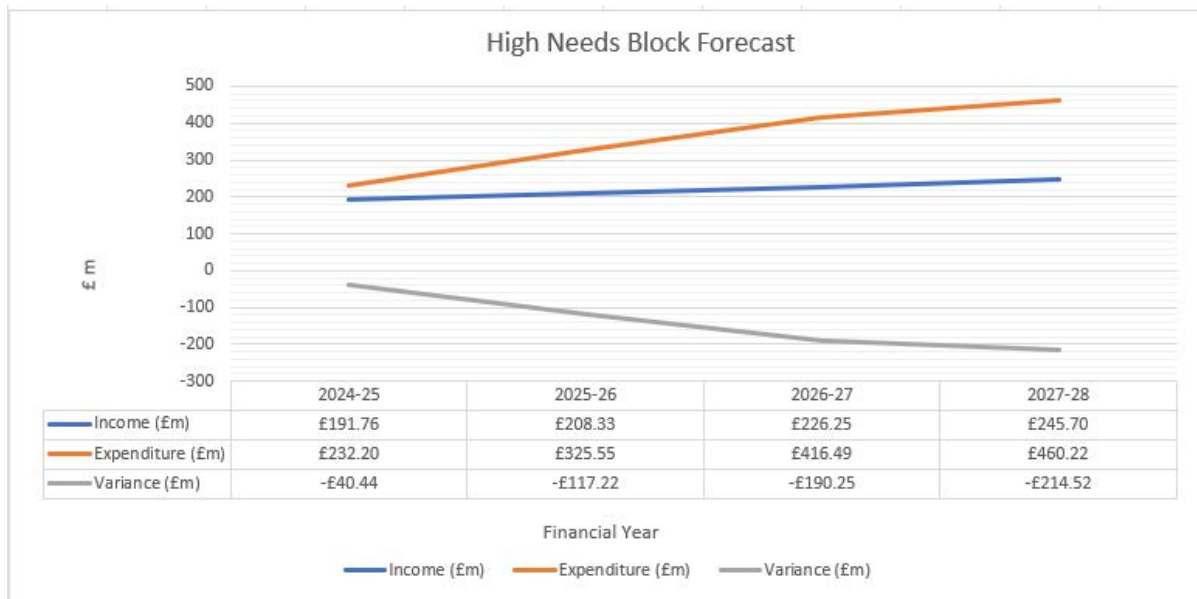
Total - £123,258,785

The modelling assumes that all 3,818 EHCPs remaining at mainstream provision until the end of October 2025, with 48.40% then placed at independent provision from November 2025.

The impact of this is a forecasted overspend of **£117m within the HNB in 2025/26, and a total DSG deficit of £140m by March 2026.**

Based on average annual growth in EHCPs at 10.50%, and forecasted HNB income received from DfE, the DSG deficit would continue to rise to £328 by March 2027, and **£545m by March 2028.** This would have significant and wider impacts for the council due to the statutory override, which is due to end by March 2028.





The impact of the SEND PAP is being regularly monitored, and an updated forecast position will be presented at the next working groups

Statutory Override

Currently there is a statutory override in place, which specifically allows councils to exclude deficits related to HNB DSG from their main revenue accounts. This means these deficits do not count against the council's general fund and councils are not required to immediately balance these deficits by reducing budgets to finance the shortfall. The override was introduced in financial year 2019/20 and has recently been extended again, until March 2028 due to the growing scale of SEND-related financial pressure.



Whilst the impact of a DSG deficit on the council's revenue budget is mitigated by the statutory override, the council is still required to finance the deficit as expenditure is being incurred without the cash being received to fund it. Ordinarily councils are not allowed to borrow for revenue expenditure. Under the Local Government Act 2003 local authorities are however able to borrow for the purpose of prudent management of their financial affairs.

According to the County Councils Network, local authorities are collectively carrying over £6 billion in DSG deficits, which is forecasted to rise to £10 billion by March 2028.

The statutory override has been a necessary stopgap, but it is not a solution. The conclusion of the sector is that without decisive reform and sustainable funding, local authorities will face escalating financial pressures that threaten both SEND provision and wider council services.

**The Working Group:
Noted The Report
Discussed:**

- **The EY funding update is expected in Jan/Feb due to ongoing data collection on extended entitlements. Figures remain provisional and subject to change.**
- **There was discussion around whether current actions could already be influencing forecasts, with suggestions to update figures as changes are confirmed.**
- **Concerns were raised about the ongoing deficit. Plans are in place to expand specialist and SEND provision, including PRU places, with a focus on reducing costs and improving outcomes.**
- **A six-week window was identified to review improvement projects before budget decisions, with the forum playing a key role in evaluating effectiveness.**
- **Monitoring within schools continues, and only substantial, confirmed changes are factored into financial projections.**
- **Questions were raised about whether informal SEND environments (e.g. classes not officially designated as units) are being captured in the data.**
- **A potential fund may be considered by Cabinet in November, linked to a “spend to save” programme. Once reviewed, more details can be shared.**

2. Clawback Exemption Request

Detail

In July 2025, the Forum considered the School Balances and Clawback Policy for 2025/26 and agreed that clawback should be applied on excessive revenue balances at March 2026 at a reduced threshold of 8% of CFR income. A copy of the agreed policy is provided at Appendix B.

A Lancashire Special School is requesting a full exemption at March 2026. A letter providing an overview of the project from the school is provided below.



Exemption Request

The Governors of School write to request that the Schools Forum consider clawback exemption of Post 19 income for the financial year 2025 / 2026. Please find outlined below information pertaining to our Post 19 provision, its connection to the school estate, and the rationale for our exemption request.

School Context

The School is a special needs school based in north Lancaster. We are a school for pupils age 4 – 19 with special educational needs and disabilities (SEND). We are a leading school in the development of specialist provision and have been recognised by Ofsted as ‘outstanding’ across five consecutive inspections.

Our vision is to maximise the life chances for all our pupils and prepare them for adulthood. We recognise that, upon leaving our school setting at 19, some young people no longer require an educational setting in which to continue their lifelong learning. The priority for these young people is the opportunity to flourish socially whilst enhancing their communicative intent in a safe environment with peers of a similar age. Further, they require a naturalistic environment within their community in which to engage with activities of daily living (ADL’s).

*In 2019, following extensive research, we set up a Post 19 health and social care provision called ‘The ***** Centre’. ***** currently accommodates leavers from The ***** age 19 – 25 years who are no longer in receipt of, or require, an Educational Health Care Plan (EHCP). ***** is not part of the school in terms of education provision and does not fall under the remit of Ofsted.*

The young people within the centre have complex needs, some of whom have struggled to gain appropriate provision in the community due to their behaviour, complex SEND and/or mental health needs. We are fortunate that we have the expertise, trained staff and inclusive (self-funded) independent provision to meet the holistic needs of the individual service users. Each placement is unique and created with the young person, family and procurement agency. Each bespoke package caters for the young person’s physical, social, emotional, health and wellbeing needs, and focuses, not only on lifelong learning but also in supporting families to navigate the challenging liminal space between leaving school and a full life in the community.

*The ***** Centre is a small provision that, since its creation in 2019, has accommodated between 6 – 10 young adults at any one time. However, our long-term vision is to expand and be able to offer placements to leavers from other establishments who would benefit from our bespoke setting. The ***** Centre placements are funded through individual NHS or Social Care packages. We do not accept young people into ***** unless they have a funding package in place.*

The reason for setting up our Post 19 provision was predominately to offer a suitable health and social care provision to some of our leavers. However, the initial entrepreneurial notion was prompted by the dearth of provision within a 350-mile radius that could meet the severe and acute needs of one young person, alongside a



drive within the Local Authority (LA) to save funds on ISP places. To date we have saved the HNB significant costs as several young people every year chose ***** over the local ISP (*****). In addition, although we have always maintained healthy school balances we recognised that increasing budget pressures, in particular the inflation of staffing costs (we are a large team of 100 staff), that we needed to create a source of income that would enable us to maintain a healthy school budget across future years, thus ensuring we continue to meet the needs of our pupils, first and foremost, the staff and the increasing demand for places which required expansion.

As outlined in our letter to the School's Forum last financial year, when the centre was initially set up, we received confirmation (following various meetings and correspondence) that the funding for Post 19 would be exempt from clawback as it was recognised that it is health and social care funding, **not** education funding. There was no implication at this time that the agreement was time limited. The exemption was subsequently noted in our Finance Monitoring Reports, produced by the Schools Finance Team.

In February 2024 we were informed by Schools Finance, without prior notice, that our Post 19 funding would no longer be exempt from clawback. The Governors, Headteacher and School Business Manager are fully aware of the Clawback policy. However, the exemption applied to the funding was agreed prior to the temporary suspension of clawback in March 2022. The original funding exemption was in no way related to uncertainty caused by COVID 19 and we had no reason to believe that the exemption to our health and social care income would be removed.

Funding

Our previous letter to School's Forum outlined income for Post 19 and budget outturn figures. For the financial year 2024/2025 figures are as follows:

<i>Financial Year Ending</i>	<i>Post 19 Income</i>	<i>Out turn</i>
2024/2025	£394,906	£396,232

Our anticipated income from Post 19 for 2025/2026 is **£257,000**

We continue to carry high balances largely due to Post 19 income. However, without it we would not be in the strong financial position we are in. The income has allowed us to maintain healthy school balances, and it is hoped this will be the case moving forward. We also continue to create savings for the LA on ISP places, and it is hoped that, should the school move forward with expansion to support the authority, we can utilise our income towards the significant costs involved in having a build fully fit for purpose and ready to receive additional young people.

Request for Exemption

Whilst we recognise that our current anticipated year-end balance is below the threshold for clawback, we anticipate this will fluctuate in year. Whilst this we be carefully managed and savings, where possible, offset against expenditure, we write to request that the £257,000 of anticipated income amount from Post 19 is exempt from Clawback for the following reasons:



- The Post 19 provision places are funded through health and social care **not** education.
- The self-generated income, brought about by the school's own entrepreneurial decision to set up the provision, allows us to maintain a healthy budget and not have to seek financial support from the LA, or reduce our school offer.
- It is unclear the rights under which any Post 19 funding could be clawed back by the authority for the above stated reason, the funding does not belong to education.
- Applying clawback to Post 19 income will potentially prevent us from being able to expand the provision to meet the needs of more young adults from the ***** and other settings. This would go against LCC's remit to reduce expensive ISP places across Lancashire.

We thank you for taking the time to consider our request and look forward to hearing from the Schools Forum.

Number on role forecast

NOR forecast	2025/26	2026/27	2027/28
Y4-19	984	987	995

Clawback threshold: £783,206

Financial forecast

Balance b/f as at 31 March 2025	Balance c/f as at 31 March 2026	Balance c/f as at 31 March 2027	Balance c/f as at 31 March 2028
£392,003	£269,089	£30,366	-£223,785

The working group:
Supported this Request

3. Inclusion Hubs

Detail

The Inclusion Hubs have been in place since 2019 and were created to:

- Increasing inclusion within schools through early intervention
- improve attendance for pupils at risk of exclusion;
- ensure that pupils' needs are better met by a local offer;
- provide high quality training for staff in schools;
- share good practice and sign-post schools to expertise;
- develop an agreed set of principles within each district that promotes educational inclusion and reflects the local challenges and expertise;
- brings together schools and local authority teams (Social Care, Inclusion, School Improvement and the Children and Family Wellbeing Service) to work together to address particular issues in a locality.

The Inclusion hub funding initially gave all districts £80,000. This was revised post Covid to take account of the levels of deprivation and need within a particular area, with a total distribution of £1m.



Rather than place further pressures on school budgets as a de-delegation, LCC have proposed to centrally manage the Inclusion Hubs as a Cost Prevention model with a view to fund through the High Needs Block if Schools Forum agrees. Forum would need significant evidence of impact to be able to fund this programme and if this is not evident the programme will not be funded. The evidence would need to show a substantial reduction in exclusions / improvement in inclusive practices to be viable. It will need to be considered the number of children waiting for EHCPs and lack of outreach/specialist/AP provision in some areas.

Currently some inclusion hubs have significant surplus in their districts which will also need to be addressed. This surplus will continue to be held by the districts, but it would be expected that this would be spent by April 2026. Any unspent funds will be retrieved at the end of the financial year for future investment in initiatives.

Proposal

The inclusion hub lead should consult with the schools in their area to develop a proposal of funding from the high needs block, but this must be in line with previous inclusion hub de-delegation allocation, and as a collective must not exceed £1m. An ask for increased funding may be considered if the district could evidence the impact.

The proposal should also consider that the hubs are now available to academies as well as the maintained sector, and will need to consider the academy need, ensuring there is relevant engagement and representation from the sector within the district hub.

Education Improvement will continue to fund one Business Support Officer post to manage the Inclusion Hubs administrative functions, so this does not need to be included within the proposal. The High Needs Block cannot be used for administrative costs.

It may be that the proposal is very similar to what has been delivered in previous years as this has been successful, but it also may contain new ideas. The proposal should also consider whether any part of this work would constitute double funding. For example, if LCC commission a service for schools, schools should be accessing that service through the commission and not through hubs unless there is a valid reason for doing so.

Proposals should clearly set out the objectives of the hub, and should be evidence based which prevents and reduces expenditure from the High Needs Block by reducing the number of children requiring EHCPs, specialist placements, escalation into social care, alternative provision, independent placements in the long term. It should also set out what their key performance indicators will be to demonstrate success.

Due to the expected changes through the SEND Improvement plan and Education Strategy in 26/27 the proposals should only cover the 26/27 financial year. In the future it is hoped we could look at longer term proposals.



Each district should also explain in their document if they have a current inclusion hub surplus, providing the relevant information as to why this is the case. In addition, the LA would need to be assured on how any surplus will be spent by April 2026 for the purposes of the district inclusion hubs.

Proposals must be able to clearly evidence impact.

An example could be –

For an investment of £80,000 we will work with schools to prevent permanent exclusions rising above 1 per school within the area covered by this proposal. In previous years the rates have been 1.5 per school, resulting in costs to the High Needs Block of (insert cost based on 1.5 x number of schools x cost per exclusion at £20k). This will mean that we forecast a positive impact upon (insert number of children) and a cost reduction of (insert cost reduction based upon previous costs minus expected cost).

Governance

The High Needs Working group will be asked to create a panel of its members to consider these proposals. The panel/s will need to take place at the end of September 2025. Therefore, all proposals will need to be submitted to aby.hardy@lancashire.gov.uk by Friday 26th September 25.

Each district will be asked to attend their timing at the panel and have an opportunity to discuss their proposal and provide further detail, but only a 30 minute slot can be offered due to the number of districts. The panel will be supported by LCC business support.

The panel will discuss each proposal and decide whether to fund part or the whole of the proposal. The panel chair with support from business support will then need to communicate this in writing to the inclusion hub lead and the reasons for their decision.

Each proposal and decision will then go to High Needs Working Block Group on Thursday 2nd October 2025 for discussion and recommendation to schools forum on the 14th October 2025.

It would then be expected that each district lead would submit a written report to High Needs Working Block for Thursday 18th June 2026 with their latest progress ready for a new proposal to go to the panel in September 2026 unless through the steering groups alternative decisions are made. Projects that do not deliver the expected impact will not be funded for additional years.



Template for Proposal

District :

Current surplus in 25/26:

Reasons for surplus :

Proposal for Surplus Spend to be spent by April 26 :

Intervention	Costs	Impact

Proposal for Inclusion Hub spend to be spent by April 26/27:

Intervention	Costs	Impact / Savings to HNB

Reasons for proposal :

Key performance indicators to measure success :



Data

This is just for primary schools which are mainstream.

District	NoR as at Spring 2025 census ¹	Suspensions ²	
		Number	Rate
Burnley	8237	153	1.86
Chorley	9728	154	1.58
Fylde	4875	60	1.23
Hyndburn	7264	183	2.52
Lancaster	10336	164	1.59
Pendle	8725	103	1.18
Preston	13680	341	2.49
Ribble Valley	4834	53	1.10
Rossendale	6042	173	2.86
South Ribble	8280	177	2.14
West Lancashire	8953	135	1.51
Wyre	7391	171	2.31
Grand Total	98345	1867	1.90

Permanent Exclusions

District	Primary	
	01/09/23-01/04/2024	01/09/24-01/04/2025
Hyndburn & Ribble Valley	6	7
Burnley	2	5
Pendle	3	7
Rossendale	0	7
East	11	26
Lancaster	8	12
Wyre	3	3
Fylde	1	0
North	12	15
Preston	11	9
South Ribble	6	3
West Lancs	5	4
Chorley	1	1
South	23	17
Totals	46	58



Number of Children with EHCP

District	Number of pupils, by primary need														Total
	ASD	DS	HI	MLD	MSI	NSA	OTH	PD	PMLD	SEMH	SLCN	SLD	SPLD	VI	
Burnley	81		4	26	6	-	7	7	4	29	110	6	7	4	291
Chorley	96	1	10	26	2	-	18	10	3	59	88	5	8	5	331
Fylde	32		1	8	1	-	4	2	2	27	50	1	8	3	139
Hyndburn	56		4	16		-	9	5	2	23	54	6	8	4	187
Lancaster	75	1	7	28	1	-	5	11	5	61	125		6	5	330
Pendle	130		4	22	1	-	16	16		35	103	7	5	6	345
Preston	88	1	4	43		-	10	13	7	47	125	6	12	9	365
Ribble Valley	39		4	2		-	6	8	1	6	34	1	5	5	111
Rossendale	44		3	19	2	-	6	9		29	79	3	12	6	212
South Ribble	77		4	14		-	3	7	3	22	53	2	6	4	195
West Lancashire	53		1	7	2	-	10	12	5	50	79	4	11	4	238
Wyre	41		4	17	2	-	5	7	4	26	86		6	2	200
Total	812	3	50	228	17	-	99	107	36	414	986	41	94	57	2944

Number of Children with SEN K

Burnley	85		11	212	2	57	74	8		198	397	4	84	13	1145
Chorley	85	1	43	177	4	79	57	28	1	316	349		113	16	1269
Fylde	18	1	11	76	2	40	8	25		110	203		134	6	634
Hyndburn	62	1	12	203	2	86	38	20	2	209	296	1	82	13	1027
Lancaster	103		19	214	8	105	86	26	1	378	465		212	15	1632
Pendle	109		11	154	1	82	143	17		152	465		68	12	1214
Preston	90	1	61	300	4	163	68	33	1	334	530	4	236	5	1830
Ribble Valley	35		8	116		51	33	7		84	108	2	89	6	539
Rossendale	49		6	166	2	49	26	14		195	229		154	8	898
South Ribble	55		33	173	1	120	44	26		219	229	2	105	9	1016
West Lancashire	88		16	127	1	60	83	23	2	279	363	9	166	8	1225
Wyre	24		26	70	4	74	60	24		182	393	1	125	7	990
Total	803	4	257	1988	31	966	720	251	7	2656	4027	23	1568	118	13419



Percentage of children with EHCP

Primary need distribution/prevalence, by percentage														
District	ASD	DS	HI	MLD	MSI	NSA	OTH	PD	PMLD	SEMH	SLCN	SLD	SPLD	VI
Burnley	27.84	0.00	1.37	8.93	2.06	-	2.41	2.41	1.37	9.97	37.80	2.06	2.41	1.37
Chorley	29.00	0.30	3.02	7.85	0.60	-	5.44	3.02	0.91	17.82	26.59	1.51	2.42	1.51
Fylde	23.02	0.00	0.72	5.76	0.72	-	2.88	1.44	1.44	19.42	35.97	0.72	5.76	2.16
Hyndburn	29.95	0.00	2.14	8.56	0.00	-	4.81	2.67	1.07	12.30	28.88	3.21	4.28	2.14
Lancaster	22.73	0.30	2.12	8.48	0.30	-	1.52	3.33	1.52	18.48	37.88	0.00	1.82	1.52
Pendle	37.68	0.00	1.16	6.38	0.29	-	4.64	4.64	0.00	10.14	29.86	2.03	1.45	1.74
Preston	24.11	0.27	1.10	11.78	0.00	-	2.74	3.56	1.92	12.88	34.25	1.64	3.29	2.47
Ribble Valley	35.14	0.00	3.60	1.80	0.00	-	5.41	7.21	0.90	5.41	30.63	0.90	4.50	4.50
Rossendale	20.75	0.00	1.42	8.96	0.94	-	2.83	4.25	0.00	13.68	37.26	1.42	5.66	2.83
South Ribble	39.49	0.00	2.05	7.18	0.00	-	1.54	3.59	1.54	11.28	27.18	1.03	3.08	2.05
West Lancashire	22.27	0.00	0.42	2.94	0.84	-	4.20	5.04	2.10	21.01	33.19	1.68	4.62	1.68
Wyre	20.50	0.00	2.00	8.50	1.00	-	2.50	3.50	2.00	13.00	43.00	0.00	3.00	1.00
Total	27.58	0.10	1.70	7.74	0.58	-	3.36	3.63	1.22	14.06	33.49	1.39	3.19	1.94

Percentage of children with SEN K

Burnley	7.42	0.00	0.96	18.52	0.17	4.98	6.46	0.70	0.00	17.29	34.67	0.35	7.34	1.14
Chorley	6.70	0.08	3.39	13.95	0.32	6.23	4.49	2.21	0.08	24.90	27.50	0.00	8.90	1.26
Fylde	2.84	0.16	1.74	11.99	0.32	6.31	1.26	3.94	0.00	17.35	32.02	0.00	21.14	0.95
Hyndburn	6.04	0.10	1.17	19.77	0.19	8.37	3.70	1.95	0.19	20.35	28.82	0.10	7.98	1.27
Lancaster	6.31	0.00	1.16	13.11	0.49	6.43	5.27	1.59	0.06	23.16	28.49	0.00	12.99	0.92
Pendle	8.98	0.00	0.91	12.69	0.08	6.75	11.78	1.40	0.00	12.52	38.30	0.00	5.60	0.99
Preston	4.92	0.05	3.33	16.39	0.22	8.91	3.72	1.80	0.05	18.25	28.96	0.22	12.90	0.27
Ribble Valley	6.49	0.00	1.48	21.52	0.00	9.46	6.12	1.30	0.00	15.58	20.04	0.37	16.51	1.11
Rossendale	5.46	0.00	0.67	18.49	0.22	5.46	2.90	1.56	0.00	21.71	25.50	0.00	17.15	0.89
South Ribble	5.41	0.00	3.25	17.03	0.10	11.81	4.33	2.56	0.00	21.56	22.54	0.20	10.33	0.89
West Lancashire	7.18	0.00	1.31	10.37	0.08	4.90	6.78	1.88	0.16	22.78	29.63	0.73	13.55	0.65
Wyre	2.42	0.00	2.63	7.07	0.40	7.47	6.06	2.42	0.00	18.38	39.70	0.10	12.63	0.71
Total	5.98	0.03	1.92	14.81	0.23	7.20	5.37	1.87	0.05	19.79	30.01	0.17	11.68	0.88

**The working group:
Noted the Report
Discussed:**

- **A pre-panel paper was shared outlining inclusion hub activities, spending, and future plans. The group was asked to consider whether funding should come from the High Needs Block or elsewhere.**



- Engagement levels vary across districts. Data could help compare effectiveness and inform proposals.
- Some districts show higher exclusion rates, particularly among academies or schools not engaging with hubs.
- Inclusion hubs are voluntary and add workload for participating schools. Their impact includes reduced exclusions and improved outcomes.
- If funded via the High Needs Block, LA officers would be held accountable under its framework.
- Good practices should be shared across districts, though differences in settings and children affect outcomes. Some schools may not fully understand hub operations.
- A “spend to save” approach was discussed, with potential use of de-delegation funds and direct intervention. Any changes must comply with DfE regulations and be monitored by the LA.
- The group was asked to consider whether funding should be drawn from the High Needs Block. Current proposals may not yet offer a workable model and need review.
- Training and collaboration across inclusion districts were suggested to support funding and delivery.
- Inclusion hubs have shown positive impact, but funding changes won’t bring immediate transformation. Continued support is needed for long-term improvement.
- SLAs will be established with each district. Reserves from SRAS was mentioned with questions about if/how funding could be distributed and it was stated that funds must be aligned with SRAS policy.
- New bids now include academies, which previously lacked access due to de-delegation rules.
- Due to missed deadlines, the group must decide quickly. If funding isn’t agreed, there will be consequences for hub sustainability.

Recommendation: Proceed with **Option C** – maintain current funding rate with a 5% uplift for staffing.

4. Strategic Support Partnership Handbook - SRAS De-delegation Criteria 2026/27

Background

The Schools Requiring Additional Support (SRAS) criteria are kept under regular review. To be eligible for some elements of the support, the policy requires that schools in deficit have a Recovery Plan agreed with the authority. Any support from SRAS must be in line with the Schools Requiring Improvement handbook (to be renamed *Strategic Support Partnership SSP Handbook*), with the policy agreed by schools forum where any changes in support criteria are proposed. The statutory framework however for all schools to adhere to, is set out in the Scheme for Financing Schools.

Officers have been reviewing the current handbook, and the proposed changes are to reflect the proposed changes to the SRAS de-delegation proposal to schools which includes the advisers/consultants that undertake the SSP being funded from the



Schools Requiring Additional Support fund for 2026/27. The summary is included in this report as **Appendix A**.

The Lancashire SRAS process also includes an action chart, which sets out some key dates and actions that take place through the year for schools and the LA. A copy is provided at **Appendix B**. The action chart includes reference to an ongoing policy where a Notice of Concern (NOC) in Respect of Financial Delegation will be issued to any school due to convert under a forced academy notice, or any school that is not complying with the scheme.

If the Forum approves these amendments to the SRAS arrangements this will be implemented from April 2026. It should also be noted that the policy change is subject to de-delegation approval from forum and also requires approval from the school improvement group (SIG). The revised SSP handbook is included as **Appendix D**

Appendix A

Schools Requiring Additional Support Criteria

The SRAS support criteria is administered through the School Improvement Group Board (SIG).

The current support arrangements have been developed by the Authority for schools that may be experiencing exceptional financial difficulty. Financial difficulty can arise from a number of causes which lead either to budget reductions for example due to falling rolls, or from the need for short term increases in expenditure. Examples include:

- Being placed in special measures or requiring significant improvement as identified by Ofsted;
- Identified by the School Advisor/Area Team Leader as requiring additional support for serious educational difficulties or failure to meet attainment targets;
- Subject to intervention by the Authority;
- Faced with serious personnel difficulties.
- Falling roll situations because of demographic changes.

The consequences of these are that the school can experience serious financial difficulty. The Schools Forum has agreed that the SRAS can provide support to schools requiring additional support that has resulted from the above.

In addition, the SRAS budget is also used to:

- Mitigate the interest charges that would otherwise have to be met by schools that have implemented an agreed recovery plan (i.e. have implemented appropriate measures to ensure that they do not exceed agreed deficit limits);
- Meet the cost of Contracting the School Financial Services Team at an enhanced level;
- Provide financial support to schools where their reserves are not sufficient for the school to meet the full cost of the intervention or restructuring costs themselves, in accordance with the financial support criteria agreed with the Forum;



- Provide one off financial support to schools who otherwise would not be able to recover from a deficit position. As a general guide, SICB suggested that whilst individual circumstances will always need to be taken carefully into account, maximum allocations from the Schools in Financial Difficulty fund in response to an application from an individual school should not exceed 33% of the relevant deficit, but many may be lower.
- The delegation will also fund the salaries of the SSP team who provide the professional advice and guidance to the schools that require support, and the advisors who provide financial and governance support outside of the SLA arrangements that schools sign-up for individually

The budget for this support is obtained through the de-delegation, which is agreed annually by the Forum, following a consultation with schools.

FINANCIAL SUPPORT FOR SCHOOLS REQUIRING ATTENTION

The funding for the SSP team work and salaries for their work come from the delegated Schools Requiring Additional Support funding which is agreed by forum each year.

The salary costs for the advisers/consultants that undertake the SSP work will be funded from the Schools Requiring Additional Support fund for 2026/27, and this arrangement will be reviewed annually in consultation with Schools Forum. The costs for April 26/27 financial year will be:

SSP adviser staff	£481,953
Part salaries of Adviser staff for statutory visits	£195,395
Part salaries of LPDS staff who support SSP work	£243,399

The Lancashire Schools Forum has agreed the criteria whereby financial support will be provided to schools from the Schools Requiring Additional support budget. The formula and assumptions used in this assessment will be reviewed annually by the Forum.

This applies to all funding decisions agreed by the School Improvement Group e.g. contracts, additional funding bids, associate and acting arrangements. Separate arrangements apply to Voluntary Redundancy, Compulsory Redundancy and Severance payments (see below).

It should be noted that the Schools Requiring Additional Support fund will not be used to pay off a school's deficit budget.

The formula

Financial support will be provided to schools where their reserves are not sufficient for the school to meet the full cost of the intervention or restructuring costs



themselves. To ensure fairness and equity across all phases and size of schools, the following formula will be used to determine the contribution the school will be required to make. Where:

Schools are in deficit or have a surplus balance below their floor balance:

- The full cost of the support will be met from the Schools Requiring Additional Support fund.

Schools have balances above their floor balance but below their ceiling balance:

- Schools will pay the lower of:
 - The full cost of the support, or
 - 50% of their balance above their floor balance
- Any difference between the school contribution and the cost of the support will be met by the Schools Requiring Additional Support fund.

Schools have balances above their ceiling balance:

- Schools will pay the lower of:
 - The full cost of the support, or
 - The balance above their ceiling balance, plus 50% of their balance above their floor balance and ceiling balance
- Any difference between the school contribution and the cost of the support will be met by the Schools Requiring Additional Support fund.

For the purpose of this formula:

- A school's floor balance is set at the greater of £20,000 or 1% of CFR income.
- A school's ceiling balance is set at the greater of £60,000 or 4% of CFR income.
- The level of support from the Schools Requiring Additional Support fund will be calculated based on the year end position in the preceding financial year.
- Any allocation made to Schools in Deficit or Schools in Surplus that qualify for support under the agreed formula will not be reduced. All bids will be re-calculated once the final outturn for the current financial year is known. Any additional support required, after applying the agreed formula to the final outturn will be funded to the school before financial close.

Schools in deficit or forecasting to move into deficit by 31 March are required to:

- Agree a Recovery Plan with the Local Authority.



- Provide termly I&E submission with a revised forecast closing balance, and
- Provide a copy of the termly management accounts that are submitted to the governing body.

Procedures are in place to challenge schools where the approved recovery plan is not on target.

Financial Support for Voluntary Redundancy, Compulsory Redundancy and Severance payments

Financial support for VR, CR and severances is treated separately to other **Schools Requiring Additional Support** (SRAS) decisions. Financial support is not based on cumulative figures throughout the year, nor is it re-calculated* once the final outturn for the current financial year is known.

Financial support for VR, CR must have prior approval from the School Improvement Group (SIG). Any VR or CR payments arising without SIG prior approval will be charged in full to the school budget.

Financial support for severances must have prior HR approval.

The formula (for VR, CR and severances)

Financial support will be provided to schools where their reserves are not sufficient for the school to meet the full cost of the intervention or restructuring costs themselves. To ensure fairness and equity across all phases and size of schools, the following formula will be used to determine the contribution the school will be required to make. Where:

Schools are in deficit or have a surplus balance below their floor balance:

- The schools will pay 20% of the cost with the remaining 80% being met from the Schools Requiring Additional Support fund.

Schools have balances above their floor balance but below their ceiling balance:

- Schools will pay 50% of the cost with the remaining 50% being met from the Schools Requiring Additional Support fund.

***Schools have balances above their ceiling balance:**

- The schools will pay 80% of the cost with the remaining 20% being met from the Schools Requiring Additional Support fund.

*where schools have balances above their ceiling balance, SICB reserve the right to recharge any Schools Requiring Additional Support fund contributions towards



VR, CR or severances made during the year if balances remain above their ceiling balance at the end of the current year.

For the purpose of this formula:

- A school's floor balance is set at the greater of £20,000 or 1% of CFR income.
- A school's ceiling balance is set at the greater of £60,000 or 4% of CFR income.
- The level of support from the Schools Requiring Additional Support fund will be calculated on the basis of the year end position in the preceding financial year.

Appendix B

Schools Requiring Additional Support (SRAS) – Action Chart 2026/27

School Action	Deadline	LA response
Year end closure process for previous financial year	Determined date prior to 31 March	LA monitors position and contacts schools with unlicensed deficit or in breach of recovery plan
Income and Expenditure (I&E) return to be submitted	Before May half term	LA monitors submissions
Non- submission of I&E	June	LA writes to HT and CoG requesting I&E and recovery plan if required
Budget Anticipation/Recovery Plan to be submitted, if required, or Income and Expenditure return to be re-submitted showing balanced position	30 June	LA approves recovery plan and requesting termly outturn submissions. Where appropriate, issue Notice of Concern in Respect of Financial Delegation
Termly outturn submitted showing the same or better position than the approved recovery plan	termly	No Action
Non- submission of revised I&E or recovery plan despite reminder	September	Issue Notice of Concern in Respect of Financial Delegation
	Autumn term	SIG to invite school into county hall for a meeting, and SIG to attend full governors meeting
Non- submission of I&E or recovery plan despite Notice of Concern in Respect of Financial Delegation and SIG attendance at Full Governors Meeting	Autumn term	LA work with Regional schools Commissioner (RSC) to discuss where they judge that a warning notice is necessary
	January	Issue 'early warning' letters to schools triggering financial thresholds indicating the possibility that the school is heading towards financial difficulty
	Spring term	Performance and Standards Warning notice for withdrawal of delegation issued to CoG and Headteacher, which will specify action to be taken if failure to comply



	Spring term	Copy of the warning notice to be provided to Ofsted, and appropriate diocesan authority if necessary
	1 April	Withdraw Delegation / Intervention enforced Consideration of Interim Executive Board (IEB)

Throughout the year, a Notice of Concern in Respect of Financial Delegation, will be issued to any school due to convert under a forced academy notice, in order to safeguard the long term financial position of the school and the academy trust going forward and in recognition that where a maintained school becomes a sponsored academy any budget deficit that accrues remains with the Authority.

The working group:

Noted the Update

Discussed:

- **The former MIT team is now the SSP team, and the updated handbook includes new Ofsted criteria.**
- **The service offer covers HR support and Schools in Financial Difficulty.**
- **If more schools use their balances to fund services, central reserves will reduce, potentially requiring cost increases to maintain service levels.**
- **All actions must remain aligned with agreed policy.**

