

**Item 9**

**Recommendations of the High Needs Block Working Group**

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**Brief Summary**

On 3 March 26, the High Needs Block Working Group considered several reports, including:

- 1. Schools Forum Powers and Responsibilities**
- 2. Dedicated Schools Grant Monitoring 2025/26 and 2026/27 Forecast**
- 3. Schools Requiring Additional Support Financial Monitoring 2025/26 and 2026/27 Forecast**
- 4. High Needs Block Budget 2026/27**
- 5. High Needs Block Mitigations 2026/27**
- 6. Policy for Additional Revenue Funding for New Special Schools**
- 7. Charlotte Humble CIPFA SEND Update**
- 8. Any Other Business**

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

***Recommendations***

The Forum is asked to:

- Note the report from the High Needs Block Working Group held on 3 March 26
- Ratify the Working Group's recommendations.

**Detail**

On 3 March 26, the High Needs Working Group considered several reports. A summary of the information presented, and the Working Group's recommendations are provided below:

**1. Schools Forum Powers and Responsibilities**

Members were presented a report outlining the Schools Forums serve as a vital link between local authorities and educational institutions, ensuring that funding and resources are allocated effectively to support the educational needs of students. Their powers and responsibilities are defined by regulations<sup>1</sup>, and they play a significant role in shaping educational policy at a local level.

<sup>1</sup> [The School and Early Years Finance \(England\) Regulations 2025](#)



## The role of the Schools Forum

Representatives from schools and academies make up the Schools Forum. There is also some representation from non-school organisations. The Schools Forum Regulations <sup>2</sup> provide a framework for the appointment of members, allowing a considerable degree of discretion to accommodate local priorities and practice. A summary of the structure of the Schools Forum can be accessed [here](#). Schools Forums generally have a consultative role. However, there are situations in which they have decision making powers. The respective roles of Schools Forums, local authorities and the DfE are summarised in Schools Forum [powers and responsibilities](#).

The overarching areas on which Schools Forums make decisions on local authority proposals are:

- De-delegation from mainstream maintained schools budgets (separate approval will be required by the primary and secondary phase members of Schools Forum), for prescribed services to be provided centrally
- Funding for significant pupil growth to support the local authority's duty for place planning (basic need), including pre-opening and diseconomy of scale costs, and agree the criteria for maintained schools and academies to access this fund
- Funding for falling rolls for good or outstanding schools if the schools' surplus capacity is likely to be needed within the next three years to meet rising pupil numbers and agree the criteria for maintained schools and academies to access this fund
- Agreeing other centrally retained budgets, including for local authority statutory responsibilities (where these relate to maintained schools only, voting is by the primary, secondary, special and PRU members of Schools Forum)
- Funding for central early years expenditure, which may include funding for
- checking eligibility of pupils for an early years place, the early years pupil premium and/or free school meals
- Movement of up to 0.5% from the schools block to other blocks.

In each of these cases, the local authority can appeal to the Secretary of State if the Schools Forum rejects its proposal.

The forum acts in a consultative role for:

- Changes to the local funding formula (the local authority makes the final decision)
- Proposed changes to the operation of the minimum funding guarantee

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<sup>2</sup> [The Schools Forums \(England\) Regulations 2012](#)



- Changes to or new contracts affecting schools
- Arrangements for pupils with special educational needs, needs in particular the places to be commissioned by the local authority and schools and the arrangements for paying top-up funding
- Arrangements for early years provision
- Administrative arrangements for the allocation of central government grants paid to schools via the authority

There's no specific definition of these consultation requirements over and above the wording in the regulations. It's a matter for the local authority to decide on the appropriate level of detail it needs to generate a sufficiently informed response from Schools Forum.

**The working group:  
Noted the report**

**Discussed:**

- **The Forum role feels similar to a governing body, where members should listen to debate and vote, not only act as representatives. It was questioned whether clearer individual role guidance is needed.**
- **It was suggested that induction for new members should be strengthened, though it was acknowledged that the voluntary nature of the Forum means expectations can be recommended rather than enforced.**
- **An officer noted low levels of interaction in meetings, emphasising that challenge, questioning, and strong debate are encouraged and necessary.**
- **Members highlighted the importance of receiving papers in advance, as this allows time to read, share, and discuss. Relying solely on information provided during the meeting makes it difficult to process and ask informed questions.**

**This report was also presented at the Early Years Block Working Group and Schools Block Working Group.**

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

Following the reporting of the Council's DSG deficit of £22.43m at March 2025, monitoring has been provided showing the period 1-10 budget monitoring position of the DSG and longer-term financial forecast.

Due to escalating DSG deficit forecast projections, the Council recently commissioned CIPFA to produce a forecast of the DSG based on current demand, which includes the backlog clearance of Education Health, and Care Plans (EHCPs), spend projections and an initial view of the impact of the HNB Mitigations as previously agreed by Schools Forum. The revised mitigated DSG



forecast is currently projecting a **£74.95m** overspend at 31 March 2026, with a forecast total DSG deficit total of **£97.38m**.

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 pace 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 was also provided to members.

### DSG Period 1-10 Budget Monitoring 2025/26

DSG Monitoring 2025/26			
	Budget (£m)	Forecast (£m)	Variance (£m)
	Under (-) Over (+)		
High Needs Block	£ 206.04	£ 279.32	£ 73.28
Early Years Block	£ 205.00	£ 205.82	£ 0.82
Schools Block	£ 1,051.78	£ 1,052.10	£ 0.32
Central School Services Block	£ 8.63	£ 8.50	-£ 0.14
Early Years Block DSG Adj 2024/25	£ -	£ 0.25	£ 0.25
Inclusion Hub Adjustment	£ -	£ 0.42	£ 0.42
<b>Total</b>	<b>£ 1,471.45</b>	<b>£ 1,546.40</b>	<b>£ 74.95</b>

High Needs Block 2025/26			
	Budget (£m)	Forecast (£m)	Variance (£m)
	Under (-) Over (+)		
Mainstream Schools	£ 40.53	£ 61.82	£ 21.28
Special Schools	£ 94.62	£ 97.50	£ 2.89
Alternative Provision	£ 14.43	£ 14.47	£ 0.04
Further Education - Post 16	£ 5.80	£ 8.01	£ 2.21
Early Years	£ 0.50	£ 3.30	£ 2.80
Exclusions	-£ 1.50	-£ 1.72	-£ 0.22
Commissioned Services	£ 54.46	£ 95.93	£ 41.47
<b>Total Expenditure</b>	<b>£ 208.85</b>	<b>£ 279.32</b>	<b>£ 70.47</b>
<b>Total Grant</b>	<b>-£ 208.85</b>	<b>-£ 206.04</b>	<b>£ 2.82</b>
<b>Total Variance</b>	<b>-£ 0.00</b>	<b>£ 73.28</b>	<b>£ 73.28</b>

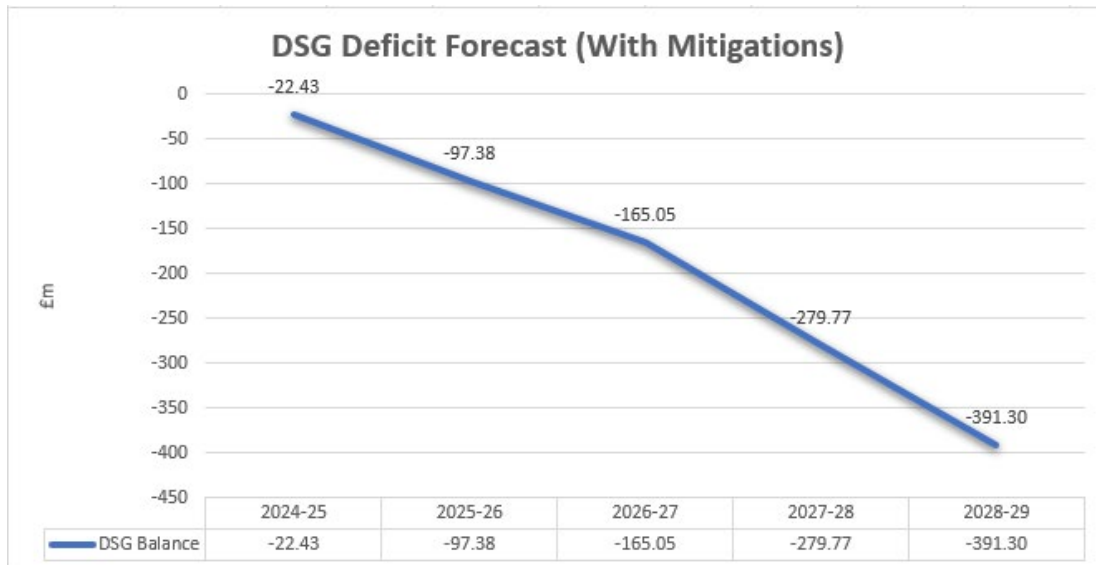


Early Years Block 2025/26			
	Budget (£m)	Forecast (£m)	Variance (£m)
	Under (-) Over (+)		
Under 2 Year Olds	£ 57.34	£ 61.53	£ 4.19
2 Year Olds	£ 51.33	£ 52.06	£ 0.73
3 to 4 Year Olds	£ 87.10	£ 87.89	£ 0.79
Early Years Disability Access Fund	£ 0.97	£ 0.23	-£ 0.74
Early Years Pupil Premium Grant	£ 3.16	£ 1.94	-£ 1.22
Early Years SEND Inclusion Fund	£ 1.65	£ 2.16	£ 0.51
Total Expenditure	£ 201.55	£ 205.82	£ 4.26
Total Grant	-£ 201.55	-£ 205.00	-£ 3.44
Total Variance	£ 0.00	£ 0.82	£ 0.82

Schools Block 2025/26			
	Budget (£m)	Forecast (£m)	Variance (£m)
	Under (-) Over (+)		
Maintained Schools	£ 703.88	£ 686.70	-£ 17.17
Growth	£ 1.50	£ 2.15	£ 0.65
Academy Recoupment	£ 342.58	£ 358.84	£ 16.27
Academy Recoupment NNDR (Rates)	£ 1.55	£ 2.07	£ 0.52
De-Delegations	£ 2.27	£ 2.33	£ 0.05
Total Expenditure	£ 1,051.78	£ 1,052.10	£ 0.32
Total Grant	-£ 1,051.78	-£ 1,051.78	£ 0.00
Total Variance	£ 0.00	£ 0.32	£ 0.32

Central Schools Services Block 2025/26			
	Budget (£m)	Forecast (£m)	Variance (£m)
	Under (-) Over (+)		
Education Service Grant Retained Duties	£ 2.59	£ 2.59	£ -
Overheads	£ 0.88	£ 0.88	£ -
Copyright Licence	£ 1.21	£ 1.31	£ 0.10
School Forum	£ 0.19	£ 0.19	£ -
Pupil Access (Admissions)	£ 0.87	£ 0.87	£ -
Rates appeals	-£ 0.11	-£ 0.11	£ 0.00
Private Finance Initiatives	£ 3.01	£ 2.77	-£ 0.24
Total Expenditure	£ 8.63	£ 8.50	-£ 0.14
Total Grant	-£ 8.63	-£ 8.63	£ -
Total Variance	£ -	-£ 0.14	-£ 0.14





The impact of the clearance of the EHCP backlog is being regularly monitored, and any substantial variances to the forecast will be presented to the working group as necessary.

### 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](#), at March 2025 the debt accrued by councils stood at £4bn. With SEND costs rising 23% over the last twelve months, and with demand showing no sign of abating, these deficits are projected to grow to a total and cumulative deficit of **£17.8bn by 2029**.

### High Needs Stability Grant

The [High Needs Stability Grant](#) is a new government measure announced in February 2026 to help local authorities manage substantial deficits in their High Needs (SEND) budgets. Its purpose is to stabilise council finances and support reforms to the SEND system.



The government have announced this grant will cover 90% of councils accumulated high needs deficits by the end of the current financial year with further announcements expected. To be eligible for the grant, councils must secure DfE approval of a local SEND Reform plan to ensure long-term stability. The LA is currently reviewing the guidance and working towards submitting the SEND reform plan to the DfE. Further updates will be provided at a later date.

**The working group:  
Noted the report**

**Discussed:**

- **Clarification was sought on the rationale behind the 90% coverage level within the High Needs Stability Grant. It was noted the LA are awaiting further announcements from the DfE.**
- **Members discussed the fairness of the grant allocation model and concerns over councils with larger deficits potentially benefiting disproportionately.**
- **The need to ensure that future spend does not generate ineligible expenditure or contribute to further deficits was highlighted.**
- **It was confirmed that a SEND Reform Plan must be submitted and approved for funding eligibility, with payment expected in autumn.**
- **The plan will require collaboration with schools and partners before submission.**

**This report was also presented at the Early Years Block and Schools Block Working Group.**

**3. Schools Requiring additional Support Financial Monitoring 2025/26**

The current financial position and longer-term forecast for the Schools Requiring Additional Support (SRAS) de-delegation, with the SRAS support criteria administered through the School Improvement Group Board (SIG) was provided to members.

The SRAS de-delegation currently holds a high level of reserves, forecast to be c£5.9m by March 2026, due to historic levels of de-delegation income, and reduced use of the SRAS fund by schools.

In recent years the per-pupil de-delegation charge to schools has been reduced to recognise the reserves held, with SRAS currently projecting anticipated in-year overspends due to this. In addition to the reduced per-pupil charge to schools, the SRAS policy has recently been amended for the 2026/27 financial year, with SRAS being used to fund the work of the Strategic Support Partnership Officers (Previously MIT).

As a result of the forecast additional expenditure and reduced income, reserves are being depleted quickly and forecast to be nearly exhausted by 2029/30, meaning the de-delegation charges to schools are anticipated to increase in future years.



**The working group:  
Noted the report**

**This report was also presented at the Early Years Block and Schools Block Working Group.**

#### **4. High Needs Block Budget 2026/27**

At the Schools Forum on 9 January 2026, decisions, and recommendations about the 2026/27 Schools Budget were agreed. In connection with the High Needs Block, the Forum unanimously supported the 2026/27 High Needs Block proposals, including:

- The increased HNB allocation being utilised to cover the growth in High Needs expenditure from April 2026.
- 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 2025/26 value due to the pressures within the high needs block.
- The use of the updated intervention cap methodology for Alternative Provision/Pupil Referral Units
- Agreed the Central High Needs Block central expenditure

The Cabinet met on 22 January 2026 and recommended that the Schools Budget is approved and referred the report to Full Council on 26 February 2026 as part of the overall Council budget.

As reported at the January meeting, the Department for Education (DfE) have temporarily suspended the high needs national funding formula, which previously was used to calculate local authorities' high needs allocations. Instead, local authorities' allocations will be based on their 2025/2026 allocations. This therefore means there will be no inflationary uplift for the High Needs Block. The DfE will review the methodology for allocating high needs funding so that it supports the wider SEND reforms. The LA will provide updates to Forum when available.

Some elements of the Schools Budget required compliance checking by the Department for Education, and approval was received on 11<sup>th</sup> February 2026. Individual School Budgets were released on 27 February 2026.

**The working group:  
Noted the report**

**Discussed:**

- **Concern was raised about the freezing of High Needs funding and the potential effect for school budgets.**
- **Approximately £1.6m is expected to be used to support inclusive practice, though this remains provisional.**
- **The role of OFSTED and the Inclusion Framework in monitoring inclusion practices was highlighted.**



- **Members noted the lack of questions raised at Cabinet regarding this issue. An elected member is scheduled to provide an update to the Forum if further lobbying activity had occurred.**

## **5. High Needs Block Mitigations 2026/27**

At the meeting on 17<sup>th</sup> December 2026, the Schools Forum voted in favour of the proposal for Lancashire's strategic approach to mitigating High Needs Block (HNB) pressures, utilising the school's forum agreed 0.50% transfer from schools' block to HNB (c £5.5m). The aim of the proposal was for financial sustainability and improved outcomes for children and young people with Special Educational Needs and/or Disabilities (SEND) and vulnerable learners.

As agreed with service and members, updated reports were presented to members on the mitigations. Further reports will also be presented at future meeting to update members on the progress.

**The working group:  
Noted the report**

**Discussed:**

**Work is ongoing to develop the mitigation model, incorporating local knowledge and priorities.**

- **All PRUs currently have an offer in place, though there is no secondary-specific provision, and the East area lacks primary PRU provision entirely.**
- **Collaborative work is underway with local primary schools to develop reintegration options and reduce permanent exclusions.**
- **Queries were raised regarding how information and practice will be shared, and whether work risks duplicating Inclusion Hub activity. It was clarified that the model complements existing hub work but focuses specifically on pupils already excluded.**
- **An expression of interest will be issued shortly for those wishing to contribute to SEND-focused workstreams.**
- **Discussions are ongoing in relation to sensory provision, with concerns raised regarding interpretation of EHCP data.**
- **Members asked about timeliness of support for individual pupils; it was confirmed that where available, provision can be arranged quickly, but alternative options will be discussed if capacity is limited.**
- **It was agreed that Inclusion Hub reserves will remain within hubs, subject to strengthened monitoring.**
- **Further updates will be provided at the June meeting.**

**This report was also presented at the Early Years Block and Schools Block Working Group.**

## **6. Policy for Additional Revenue Funding for New Special Schools**

The local authority must meet its statutory obligations with regards to school place provision, and it is important that schools that are supporting the Local Authority in meeting this requirement are not financially disadvantaged in doing so. As the demand for special school places increases, the LA is reviewing options to increase provision.



As a result, a transparent and formulaic process has been established for allocating additional funds, that takes account of the creation of a new special school whilst minimising the effect on the High Needs Block of the Dedicated Schools Grant.

The proposed policy was shared with members.

**The working group:  
Noted the policy.**

**Discussed:**

- **It was questioned whether the proposed £65,000 pre-opening sum is sufficient.**
- **Feedback from other authorities suggests that costs can vary and early recruitment of headship is a significant driver.**
- **Further work is required on cost modelling (leadership, admin and support roles). A revised policy will be brought to a future meeting.**

## **7. Charlotte Humble CIPFA SEND Update**

A representative provided a verbal update on the national financial landscape relating to SEND and the emerging DSG management expectations.

**Discussion:**

- **Initial analysis shows limited difference between mitigated and non-mitigated models; DfE continues to encourage comprehensive management plans.**
- **Development work is ongoing to produce a robust SEND financial model.**
- **The SEND workforce is not currently included in national planning frameworks; work is underway to address this gap.**
- **A sector survey has been issued via bulletin.**
- **Concerns were raised about communication challenges, particularly in the primary sector.**
- **Early years-aged children were noted as a rising cohort in demand trends.**

## **8. Any Other Business**

It was noted a representative from the LA will provide an overview of the Banding Document at Schools Forum.

