



Havering
L O N D O N B O R O U G H

Schools Funding Forum 23rd October 2025

ITEM 6

Subject Heading:

High Needs funding 2025-26

Report Author:

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Eligibility to vote:

Information only

SUMMARY

This report details the on the in-year and future years' projections for the High Needs block, and the upcoming changes in SEND that may arise because of the Schools White Paper.

RECOMMENDATIONS

That the Schools Funding Forum notes the report.

REPORT DETAIL

High Needs Block Funding update

DSG is forecasting a £28.5m overspend, equivalent to 14.8% of the total DSG budget. This position remains unchanged from the previous period. The overspend is entirely driven by the High Needs Block, which continues to face significant pressure due to rising demand for SEND provision, and there is a 65% overspend in comparison to the DfE's High Needs allocations for Havering. This highlights that the current funding formula from central government does not adequately reflect Havering's needs, a challenge shared by many local authorities.

DSG Block	DSG Allocation (post-recoupment)	Forecasted Expenditure	Forecast Variance	% of budget
Schools Block	98,731	98,731	0	0.00%
Central Schools Services Block	1,912	1,912	0	0.00%
High Needs Block	43,721	72,200	28,479	65.20%
Early Years Block	47,819	47,819	0	0.00%
DSG - overall	192,183	220,662	28,479	14.80%

This table shows the breakdown of forecasted expenditure and overspend across DSG blocks, highlighting the disproportionate pressure on the High Needs Block. The High Needs Block has a budget of £43.721m, with forecasted expenditure of £72.200m, resulting in a £28.479m overspend—equivalent to 65.2% of the block's budget. A £1.291m transfer from the Schools Block has been made to help mitigate this pressure.

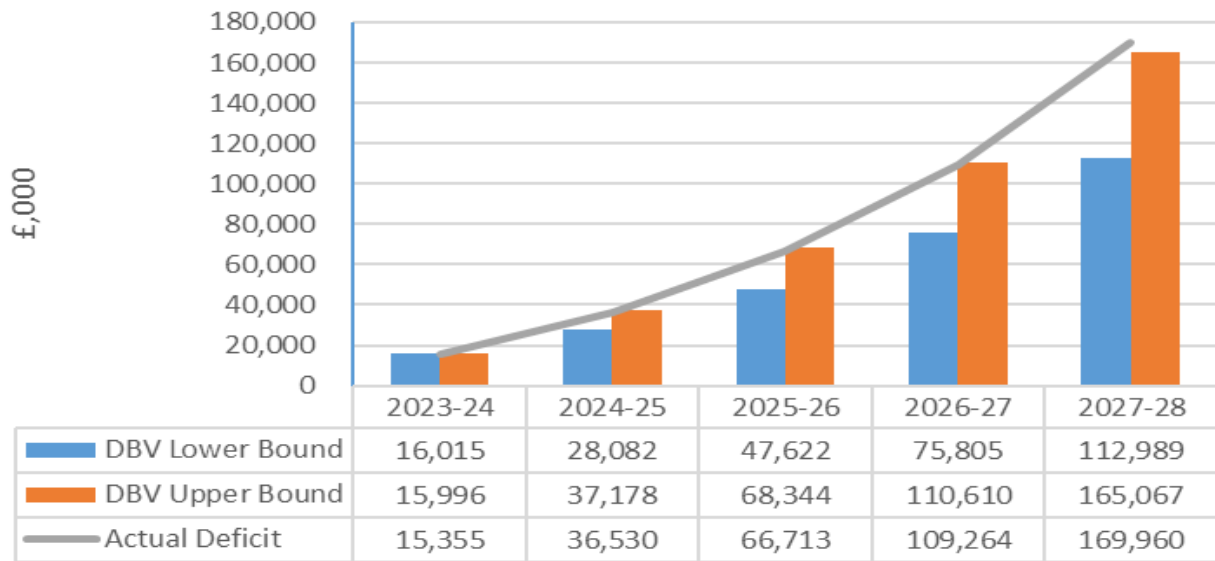
Key cost drivers include top-up funding for academies, colleges, and maintained schools, increased use of independent providers, and SEN support services. The following table provides a breakdown of the specific cost categories contributing to the High Needs overspend.

Section 251 Budget Category	Projected (£,000)
DSG High Needs Allocation (post-recoupment)	-43,721
Transfer from schools block to high needs block	-1,291
High needs place funding within Individual Schools Budget	2,129
Top-up funding – maintained schools	24,960
Top-up funding – academies, free schools and colleges	32,391
Additional high needs targeted funding for mainstream schools and academies	652
Top-up and other funding – non-maintained and independent providers	6,931
Other alternative provision services	1,227
Hospital education services	492
Support for inclusion	285
Direct payments (SEN and disability)	500
Therapies and other health related services	500
SEN support services	3,422
Total High Needs Budget Deficit	28,477

The cumulative DSG deficit is presently projected to reach £64.9m by the end of 2026-27. The Department for Levelling Up, Housing and Communities (DLUHC) has extended the statutory override for DSG deficits until 2027-28, reducing the immediate impact on the Council's general fund. The following chart shows the projected trajectory of the DSG deficit, including upper and lower bounds based on EHCP growth assumptions.

The DSG model assumes continued growth in EHCPs and rising unit costs, aligned with historical trends. Havering was previously part of the DfE's Delivering Better Value (DBV) programme and was recognised for strong financial management and value for money in its DSG allocation.

DSG Deficit 2023-24 to 2027-28 Forecast



In addition, nationally, the government has committed £760m to support the SEND reform, as part of the upcoming Schools White Paper, with £547m in 2026-27 and £213m in 2027-28.

This is in addition to the £1.5bn already earmarked for core School funding, which includes DSG and other existing grants.

The upcoming Schools White Paper, expected in Autumn 2025, is anticipated to introduce changes to how schools support children with additional needs. These reforms may have significant implications for future funding and delivery models, and this will be closely monitored by the LA as part of the wider SEND transformation programme that it is carrying out.