



Schools Funding Forum 15th January 2026

ITEM 5

Subject Heading:

High Needs Block 2025-26 and 2026-27

Report Author:

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Eligibility to vote:

Information only

SUMMARY

This report gives an update on the latest forecast for the current financial year and provides details of the indicative allocation for 2026-27 following the DfE publication of figures in December 2025. It also provides a summary of the recent and on-going discussions in the High Needs Working Group.

RECOMMENDATIONS

The Schools Funding Forum:

- (i) notes the forecast for expenditure on the High Needs Block in 2025-26
- (ii) notes the indicative allocation of funding for High Needs in 2026-27
- (iii) notes the update from the High Needs Working Group
- (iv) gives any feedback, comments and further suggestions on the issues outlined.

REPORT DETAIL

1. Forecast Expenditure on High Needs Block for 2025-26

The latest published funding for the High Needs Block after recoupment and deduction is £43.478m. In addition, there is £1.291m funding transferred in from the Schools Block making £44.769m available budget.

The latest expenditure forecast as at the end of December is £76.173 - a £2.786m increase since the previous quarter forecast of £73.387m. If the outturn is in line with this forecast, then this would be an in-year deficit of £31.404m. Added on to the brought forward balance there would be an overall deficit of £67.740m.

It should be noted that there is still one term to go and there is a large backlog of assessments so there is still scope for the forecast to move. The range of estimates for the year are from £28m to £34m.

The increase in forecast is across a number of lines of provision including Special Schools (all categories), Alternative Provision and Primary Top Up.

	Forecast as at Period 9	Forecast as at Period 6	Change
Havering Special Schools	18,219	18,040	179
Out of Borough Maintained Schools	3,898	2,340	1,558
Primary Top-Up	20,742	20,369	373
Secondary Top-Up	9,320	10,788	-1,468
ARPS and Special Units	4,945	6,261	-1,316
Post 16	3,544	3,073	471
Early Years	663	565	98
Independent and Non Maintained	7,526	6,931	595
Alternative Provision	4,202	3,150	1,052
Inclusion and Central Support	3,113	2,350	763
TOTAL EXPENDITURE	76,173	73,867	2,306
Funding available	-44,769	-45,217	448
In-Year Deficit	31,404	28,650	2,754

The total projected deficit is just within the “Worst Case” scenario modelled as part of the DBV initial work.

2. Published Allocation for the High Needs Block 2026-27.

The Department for Education published the indicative allocations for the 2026-27 High Needs Block on the 17th December 2025. This year there was no national increase in the total funding available for this block and the funding was not allocated using the High Needs Funding. The funding therefore is effectively the same as 2025-26 adjusted for the grant funding made available during this financial year as set out in the extract from the ***DSG: Technical Note***.

In summary, the 2026 to 2027 high needs allocations will be the total of:

- *funding received through the 2025 to 2026 high needs block of the DSG, excluding the import and export adjustments and place funding deductions.*
- *annualised 2025 to 2026 CSBG funding for independent special schools, specialist post-16 institutions, independent learning providers and hospital education provision*
- *annualised 2025 to 2026 CSBG funding for state funded special and AP schools*
- *2026 to 2027 equivalent NICS grant and SBSG funding for places in special units and resource provision in mainstream schools*
- *import and export adjustments for 2026 to 2027 (the initial calculation has the 2025 to 2026 import and export adjustment which is updated later in 2026)*
- *place funding deductions for 2026 to 2027 (the initial calculation is based on 2025 to 2026 academic year place numbers, which are updated later in 2026)*

This is particularly detrimental to Havering because the funding has not even been adjusted for increases in population and because a very high percentage of our provision is for top ups in mainstream places which did not attract in year grant funding for NICS and pay increases.

The allocations for Havering after import and export adjustments but before recoupment deductions will be **£49.304m**. This would be roughly **£45.4m** after recoupment but the difference is entirely accounted for by grants that are in payment this year rather than a genuine increase.

Havering 25-26 Baseline Funding	£49,453,340
Grant Allocations for Special Schools etc	£219,692
Special/AP Schools and Academies grant	£1,642,400
Grant funding for SSUs and ARPS	£82,884
<i>HNB before Import/Export</i>	<i>£51,398,316</i>
Import/Export Adjustment (will be updated)	-£2,094,000
HNB before deductions/recoupment	£49,304,316

Effectively this means that any increase in numbers of EHCPs and any increases in costs of provision will increase the High Needs Deficit in full, with no mitigation from increased grant.

The trend for the year-on-year increase in expenditure has been in the region of £10m each year. If this is repeated with no further funding allocated, then this could take the overall deficit on the High Needs Block to the region of £110m.

High Needs Working Group

The main work of the High Needs Block this year has been to develop a new approach to describing funding for individual children by moving away from funding for specified numbers of hours. Instead, we are working on a set of banding descriptors each with a specific sum of funding. This could then be used by schools to meet the child's specified outcomes in the most appropriate way.

Other areas looked at by the group is the policy and process for establishing new Resource Provisions and a co-ordinated approach to Alternative Provision commissioning for preventative and non-statutory interventions.

Future work will include a review of the funding rates for Secondary Special Units and specialist provisions (such as those for Hearing Impairment).