



Schools Funding Forum 27th November 2025

ITEM 5

Subject Heading:

High Needs funding

Report Author:

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Eligibility to vote:

Information only

SUMMARY

This report summarises the research briefing on SEN : Support in England, the in-year projections for the High Needs block, and the SEN Top-up funding for out-of-borough commissioners' placements.

RECOMMENDATIONS

That the Schools Funding Forum notes the report.

REPORT DETAIL

Research Briefing – SEN : Support in England

The latest national research briefing presents a clear picture of a SEND system under sustained and growing pressure. The full report is in **Appendix A**, with the Education Committee's June 2025 report in **Appendix B**.

As of January 2025, more than 1.7 million pupils in England had identified special educational needs, with close to half a million holding an Education, Health and Care Plan (EHCP).

The briefing states plainly that the system is approaching, and in some areas has already reached, crisis point, despite significant increases in national High Needs funding over the past decade. Rising demand, the continued escalation in specialist and independent placement costs and growing transport pressures are all contributing to a model that is

widely viewed as unsustainable without substantial change.

The briefing also sets out the direction of the forthcoming reform, in the upcoming Schools White Paper, now anticipated early in 2026. This is likely to introduce national standards for provision, stronger expectations around early and local support and a fairer approach to funding.

The DfE are reviewing the arrangements for a national framework of bands and tariffs, intended to bring greater consistency to SEND funding and to reduce the wide variation currently seen across local areas.

Previous national intervention programmes, such as Safety Valve and Delivering Better Value (DBV), were designed to support local authorities experiencing financial difficulty, but these schemes have now been discontinued. The research briefing highlights that, despite this support ending, concerns remain about balancing financial pressures with the statutory rights of children and young people, emphasising the continuing need for careful oversight and strategic management.

These national pressures are reflected locally within our own High Needs Block. Demand for EHCPs continues to grow, and the cost of placements, particularly in the independent and non-maintained sector, remains a significant driver of expenditure. The overall position of the HNB remains under considerable strain, and projected DSG deficits in future years underscore the importance of ongoing vigilance. While the detailed financial breakdown has been presented to the Forum previously, the high-level picture is one of persistent, structural pressure that mirrors the national trends highlighted in the briefing.

The national emphasis on early intervention, strengthened mainstream inclusion, and clearer expectations around “ordinarily available provision” means that mainstream schools will be expected to play a more central role in supporting children at earlier stages.

This shift will require clarity, collaboration, and further work on how mainstream support is resourced and monitored. The anticipated introduction of national bands and tariffs also indicates that local funding arrangements will need to align with emerging national standards. Preparing for these changes will demand robust data, transparent costing, and effective communication with providers.

The High Needs Working Group will continue to review local arrangements and objectives as part of the SEND strategy, focusing on areas such as top-up structures, inclusion pathways, and building capacity in mainstream settings. By ensuring more pupils can be supported closer to home in the right provision, the local authority will be better positioned to implement the forthcoming changes with minimal disruption, drawing on lessons from previous transitions.

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.

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.

SEN Top-up funding for OoB commissioners

Under the DfE's High Needs Funding Operational Guide (2025-26) in **Appendix C**, local authorities are responsible for calculating their schools' notional SEN budgets. These estimates, embedded within mainstream schools' core funding, provide a guide for the costs of additional SEND support up to the statutory £6,000 threshold per pupil. Costs above this threshold are met through top-up funding from the commissioning authority, responsible for the child.

A particular complexity arises when children attend schools outside their home local authority (Out-of-Borough or OoB). The commissioning authority remains responsible for top-up funding for these pupils. However there can be differences in interpretation of the guidance between authorities which can lead to difficulties – for example where authorities use different rates for calculating the cost of support.

Schools are encouraged to carefully quantify the costs of any proxy provision used, such as support hours, and to engage with the child's caseworker to confirm the appropriate finance contact in the commissioning LA for invoice submission. Notional SEN arrangements and rates for schools in each LA apply uniformly to all learners, irrespective of which LA they come from, ensuring that each child is treated consistently and fairly.

Havering has a number of neighbouring authorities with cross border movements in both directions. There are inconsistent arrangements in place and we have been working to standardise this. There are ongoing discussions with the authority with the largest group of children.