

HIGH NEEDS BLOCK ALLOCATION 2025/26

Purpose of the Report

1. This report seeks Schools Forum's views on Nottinghamshire County Council's proposed allocation of the High Needs Block for the financial year 2025-26.

Information

2. The Department for Education's High Needs Operational Guide 2025/26 states that high needs funding should be used to support provision for children and young people with special educational needs and disabilities who require additional resources to participate in education and learning, mainly in schools and colleges, from their early years to age 25 (excluding young people aged 19 to 25 who do not have an education, health and care plan and individuals who are over the age of 25). The funding should also support children up to age 16 in alternative provision who, because of exclusion, illness, or other reasons, cannot receive their education in mainstream or special schools.
3. On 18th December 2024, the Department for Education published the Dedicated Schools Grant (DSG) allocations for financial year 2025/26.
4. For 2025/26 Nottinghamshire County Council (NCC) has been allocated £130.7 million to fund its high needs educational services. This represents a £10.8 million increase from the £119.9 million that NCC has been allocated for 2024/25.
5. At period 9 2024/25 NCC is forecasting expenditure of £133.8 million on high needs block services for 2024/25.
6. DfE Operational Guidance states that Schools Forum should be consulted on funding allocations for high needs block provision, but the decision is the responsibility of the Local Authority.

High Needs Block National Funding Formula

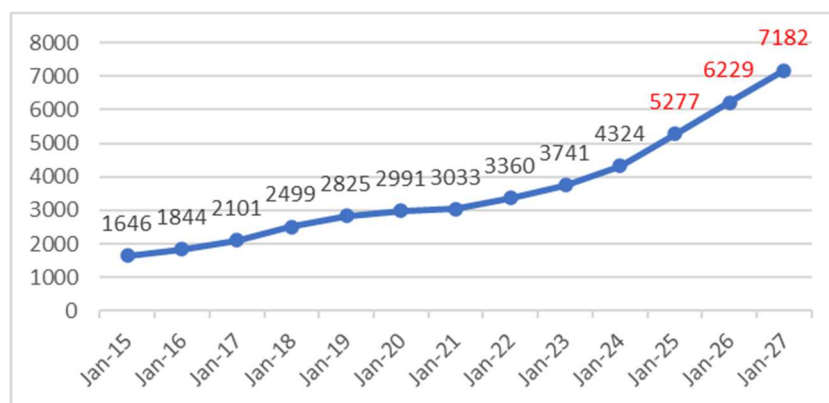
7. Since 2018-19, the allocation of funding, from the DfE to Local Authorities, has been derived from a national funding formula. **Appendix A** illustrates how NCC's allocation for 2025/26 has been calculated.

8. Following the DfE's announcement, in November 2024, that £1 billion was to be invested in high needs funding for 2025/26, all local authorities are receiving an increase in funding of at least 7% per 2-18 population for 2025 to 2026, through the National Funding Formula. Nottinghamshire's increase is 8.6%.

Proposed Allocation of the High Needs Block 2025/26.

9. NCC's officers have undertaken a full review of provision and services funded from the high needs block in 2024/25, to review whether funding allocations should be increased or decreased for 2025/26, to offer best quality education and value for money for children with SEND in Nottinghamshire.
10. Through the review of provision and services, and evidenced by the overspend being forecast for 2024/25, it is apparent that the increased High Needs Block funding may not be sufficient to cover the costs expected to be incurred for 2025/26, most notably the expenditure on independent specialist provision. This is due to the continued increase in the number of children with EHCPs and demand for special education provision.

Figure 1. Number of Education, Health and Care Plans – 2015-2024 including trajectories for 2025-2027



11. In order to mitigate against the increased demand for independent specialist provision, NCC will be funding 3 additional Enhanced Provision Units, a new specialist SEN Unit for 24 pupils, continued growth in places in existing special schools and academies, and a new 144 place special school, with opening planned for January 2026.
12. It is proposed that Nottinghamshire County Council will also continue to increase funding to mainstream schools and academies, through AFN, in order to support inclusivity.
13. **Appendix B** gives full breakdown of the proposed budget allocations by provision/service and compares to budget allocations and forecast expenditure for 2024/25.

Funding For Mainstream Schools and Academies - £32.8 million

14. It is proposed that the AFN budget will be increased by 8.6%, reflecting the overall high needs block increase, to help to maintain inclusivity in mainstream schools, helping to reduce future demand for more expensive provision.

15. The HLN quantum will remain the same as the increased level for 2024/25.
16. £50k has been added to the budget for Primary Partnerships to reflect increased need and the Secondary Partnership budget will remain consistent with 2024/25 funding.
17. NCC has allocated £0.2 million towards funding three additional enhanced provision units across the County to help enable children to remain on the roll of mainstream schools. This will increase the number of units across Nottinghamshire to 12 and increase the number of places available by 24.

Funding For Special Schools and Academies - £43 million for 2025/26

18. For 2025/26 NCC has allocated £43 million (£37.4 million 2024/25) towards funding places in special schools and academies. Funding has initially been allocated for 1,356 pupils based on data from the January 2025 moderation process (1,279 January 2024). The £43 million includes an allocation retained to fund expected in year growth in the number of pupils in special schools and academies and to fund 144 pupils at the Horizons Special Academy from its opening in January 2026.
19. As suggested in DfE's High Needs Operational Guidance, special schools and academies budgets have been calculated with a minimum funding guarantee of 0%, with top up banding and rates remaining at 2024/25 levels. Funding continues to be allocated for historic teachers pay and pension increases, and for additional costs pressures (3.4% based on 2023/24).
20. The Core Schools Budget Grant will be paid separately to contribute towards teachers' pay awards and increased employer pension contributions in 2025/26.
21. £0.3 million has also been allocated to fund 24 pupils in new specialist provision SEND unit from September 2025.

Early Years Providers - £0.2 million

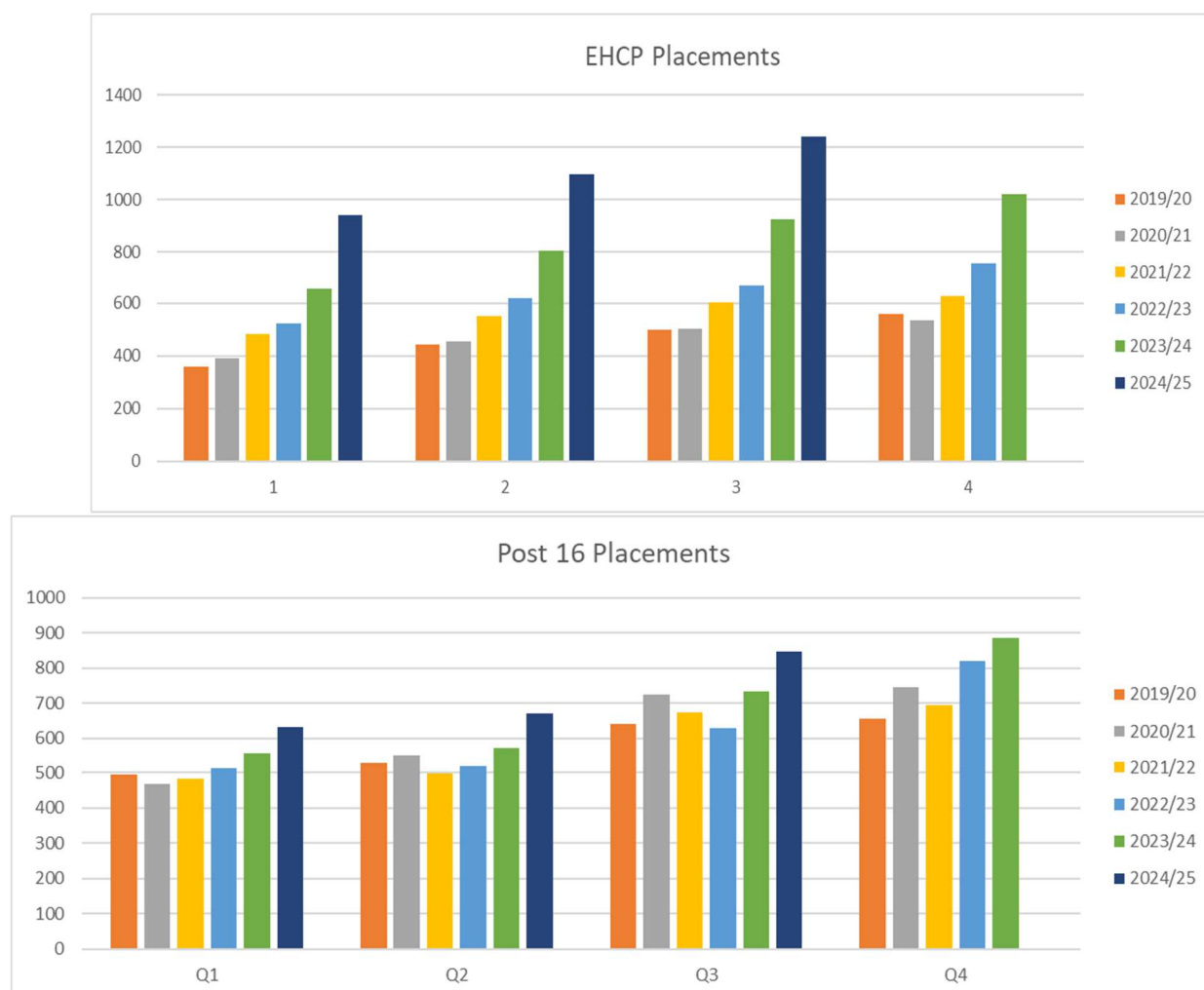
22. The Early Years Inclusion Fund is currently funded entirely by the Early Years Block of the DSG.
23. Agenda item 3e proposes that the cost of the inclusion fund is shared between the High Needs Block and Early Years Block from 2025/26, with a contribution of £0.2 million required from the High Needs Block in 2025/26 to meet increased demand.

Independent Specialist Provision – Pre and Post 16 - £37.9 million

24. After the full review of services and the subsequent funding changes, detailed in **appendix 2**, £2.1 million remained available to be allocated to independent provision placements for pre and post 16 pupils with an EHCP.
25. This is the key area of overspend for 2024/25, with £11.9 million being forecast as an overspend in year. It is planned that the additional funding being allocated across the High Needs Block and the continued work of the Schools Forum will stem the growth

in demand for these high-cost placements, but an overspend on these lines in 2025/26 is likely.

Figure 2 Pre 16 and Post 16 placements in Independent Settings 2019/20 to 2024/25



Independent Specialist Provision – Non EHCP - £4.9 million

26. In view of the increased expenditure in recent years, an additional £1 million has been added to the budget for children educated in alternative provision. NCC continue to work with schools and partnerships in order to mitigate against future growth and to reduce future expenditure.

NCC Services to support children with SEND - £12 million

27. Following a review of all support services funded from the High Needs Block, NCC has allocated an additional £0.5 million towards services, primarily to fund pay awards and staffing changes.
28. From 2025/26 a further £0.4 million of costs linked to non-statutory inclusion work being carried out by Educational Psychologists, will be charged to the High Needs Block.

Future Funding and Reforms

29. As stated in paragraph 10, and despite mitigations being put in place, the High Needs Block may overspend for 2025/26. The department for education have yet to indicate funding levels for future years. The shortfall of funding is increasingly being recognised by many independent bodies:

“Given that the current system costs over £10 billion a year, and that demand for SEN provision is forecast to increase further, government needs to think urgently about how its current investment can be better spent, including through more inclusive education, and developing a cohesive whole system approach.”

Gareth Davies, the head of the NAO – October 2024

30. The schools Forum’s high level needs working group will continue to review and monitor the services funded by the high needs block with the aim of identifying and introducing alternative ways of working, and to further embed current good practice. This will allow Nottinghamshire to provide high quality education and support to children with SEND and to seek to mitigate areas of potential pressure within the high needs block.
31. Nottinghamshire County Council are currently expecting to end 2024/25 with a non ISB reserve of £5.3 million which could be used to fund overspends in 2025/26.
32. Should sufficient further funding not be available from DfE, in the future, the option remains to consider transfers from the schools block to help mitigate against overspends.

Next steps

33. A report will be considered at a Cabinet Member Briefing on 17th March to approve the budget allocations for 2025/26.

RECOMMENDATION/S

That:

- 1) Schools Forum notes the content of the report and gives its views on the proposed budget allocations for 2025/26.

Steven Hawkins
Senior Finance Business Partner – Children and Families
T: 0115 8042894
E: steven.hawkins2@nottsc.gov.uk