



HIGH NEEDS BLOCK ALLOCATION 2026/27

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 2026-27.

Information

2. The Department for Education's High Needs Operational Guide 2026/27 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). 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 17th December 2025, the Department for Education published the Dedicated Schools Grant (DSG) allocations for financial year 2026/27.
4. For 2026/27 the DfE are temporarily suspending the high needs national funding formula (NFF), which in previous years it has used to calculate local authorities' high needs allocations. Instead, local authorities' allocations will be based on their 2025 to 2026 allocations, with some adjustments.
5. Nottinghamshire County Council's published High Needs Block for 2026/27 is £135 million. This represents an increase of £4.9 million on the 2025/26 allocation. The £4.9 million increase is the equivalent to the funding allocated to local authorities in 2025 to 2026 through the consolidated Core Schools Budget Grant (CSBG). There is therefore no uplift to funding in real terms.
6. On 10 December 2025 Schools Forum proposed a transfer of 0.5% of the Schools Block into the High Needs Block to support inclusion in mainstream schools. The transfer equates to £3.7 million and was approved by NCC elected members on 2 February 2026.
7. At period 9 2025/26 NCC is forecasting expenditure of £168.4 million on high needs block services for 2025/26.

8. 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.

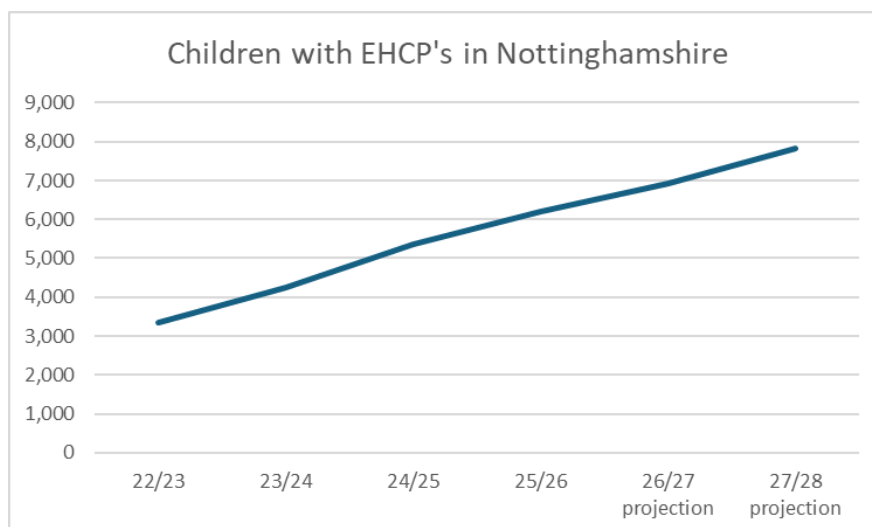
High Needs Block National Funding Formula

9. Since 2018-19, the allocation of funding, from the DfE to Local Authorities, has been derived from a national funding formula. This has been temporarily suspended for 2026/27.
10. Following wider reforms to the SEND system, which the government will set out in early 2026, DfE have committed to reviewing the methodology for allocating high needs funding so that it supports the SEND reforms.
11. The suspension of the high needs NFF means that the high needs block allocations will include neither an update to the basic entitlement pupil numbers in special schools, nor a special free school adjustment. Both of these will be detrimental to Nottinghamshire's funding for 2026/27.

Proposed Allocation of the High Needs Block 2026/27.

12. NCC's officers have undertaken a review of provision and services funded from the high needs block in 2025/26, to review whether funding allocations should be increased or decreased for 2026/27, within the budgetary constraints of the High Needs Block, to offer best quality education and value for money for children with SEND in Nottinghamshire.
13. Through the review of provision and services, and evidenced by the overspend being forecast for 2025/26, it is apparent that the High Needs Block funding for 2026/27 will again not be sufficient to cover the costs expected to be incurred for 2026/27, most notably the expenditure on independent specialist provision. This is primarily due to the continued increase in the number of children with EHCPs and demand for special education provision.

Figure 1. Number of Children with Education, Health and Care Plans – 2022-2025 and trajectories for 2026-2028



14. Based on the trajectory outlined in **figure one** and projections of the number and type of education placements required by, and available to, children with SEND in Nottinghamshire, the overspend on the High Needs Block for 2026/27 could be £59 million without further mitigating activity.
15. Nottinghamshire County Council are therefore not able to offer discretionary inflationary increases to top up funding for maintained schools and academies. Special schools' top up banding rates, HLN per pupil rates, and Partnership quantum will therefore remain at 2025/26 levels, pending the release of the Special Educational Needs and Disabilities White paper and subsequent funding reforms.
16. **Appendix A** gives full breakdown of the proposed budget allocations by provision/service and compares to budget allocations and forecast expenditure for 2025/26.

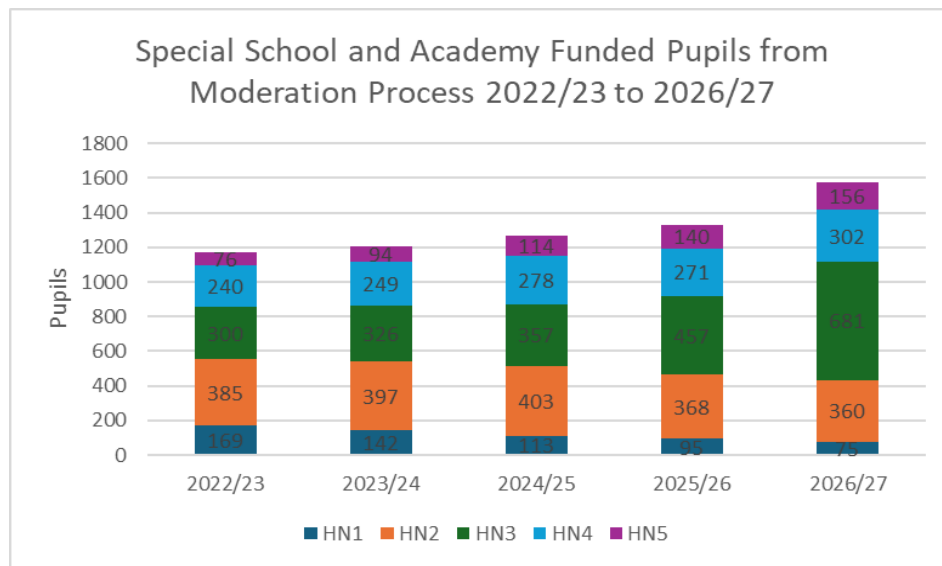
Funding For Mainstream Schools and Academies - £36.9 (£32.8) million

17. It is proposed that the AFN budget will be increased by £0.2 million, **funded by the transfer from the Schools Block**, to help to maintain inclusivity in mainstream schools, helping to reduce future demand for more expensive provision.
18. The HLN quantum will increase by £3.3 million, **funded by the transfer from the schools block**, to provide funding for the increasing number of children requiring this support.
19. Primary and Secondary Partnership budgets will remain at 2025/26 levels.
20. NCC will continue to work to increase the number of enhanced provision units across the county. 12 EPU's will be open by the beginning of the 2026/27 with budget allocated to increase to 17 by the end of the year, increasing places by circa 40.

Funding For Special Schools and Academies - £52.6 million (£43.3 million)

21. For 2025/26 NCC has allocated £52.6 million towards funding places in special schools and academies. Funding has initially been allocated for 1,574 pupils based on data from the January 2026 moderation process (1,331 January 2025). The £52.6 million includes an allocation retained to fund expected in year growth in the number of pupils in special schools and academies.

Figure 2 Number of places funded in maintained special schools and special academies 2022/23 to 2026/27

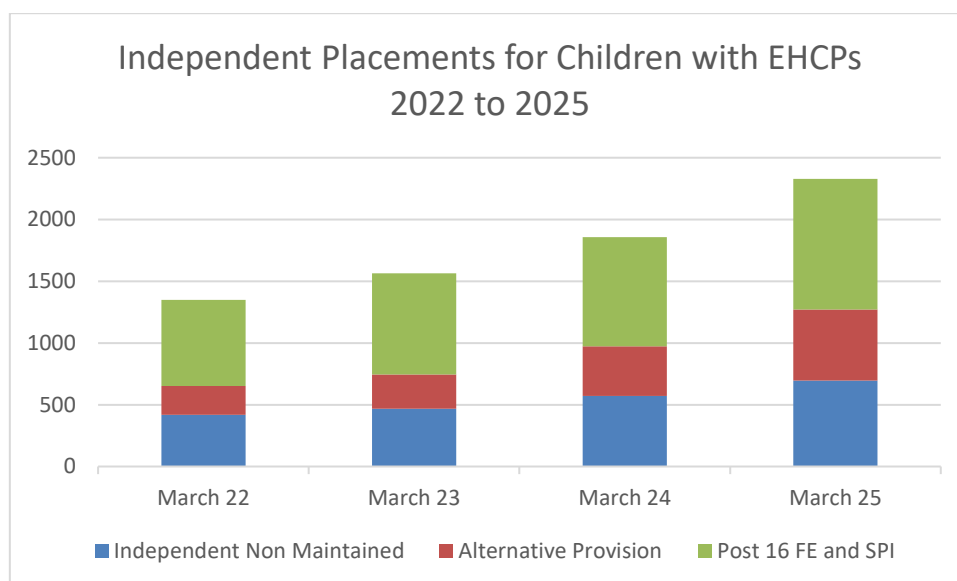


22. As suggested in DfE’s High Needs Operational Guidance, special schools and academies budgets have been calculated with a minimum funding guarantee of 0%, with top up banding and rates remaining at 2025/26 levels. Funding continues to be allocated for historic teachers pay and pension increases, and for additional costs pressures (3.4% based on 2023/24).
23. The Core Schools Budget Grant and National Insurance Increase Grant, which were both paid separately in 2025/26 will be paid as part of special school and academy budgets for 2026/27 and must be passed onto providers using a prescribed methodology. Funding was added to NCC’s High Needs Block based on 1,303 pupils, but as pupil numbers have grown over the last year to 1,574, the additional cost (circa £0.8 million) will be met from the within the base high needs block allocation.
24. £0.6 million has been allocated to fund two new 24 place specialist provision SEND units from September 2026.

Independent Specialist Provision – Pre and Post 16 - £27.7 million (£37.6 million)

25. After the full review of services and the subsequent funding changes, detailed in **Appendix A**, £27.7 million remained available to be allocated to independent provision placements for pre and post 16 pupils with an EHCP.
26. This is the key area of overspend for 2025/26, with £69 million being forecast as expenditure in 2025/26. It is planned that the mitigating work being carried out by NCC officers, working with DfE and Schools Forum will stem the growth in demand for these high-cost placements, but a significant overspend on these lines in 2026/27 is certain.

Figure 3 number of pupils with an EHCP in Independent Non Maintained, Alternative Provision, FE College and Special Post 16 Institutions



Independent Specialist Provision – Non EHCP - £4.9 million (£4.9 million)

27. Despite the forecast 2025/26 overspend of £2 million, it has not been possible to increase this budget. This will be a key area of focus for mitigative actions through work with Schools Forum and DfE.

Inclusion Support Services £6.6 million (£6.1 million)

28. The additional budget allocated to this service is primarily to reflect annual pay inflation of the Inclusion Team (83 employees) and SEMH Team (13 employees). £0.2 million of the **transfer from the Schools Block** has been allocated to fund two Cognition and Learning Specialist Teachers and Specialist Teaching Assistants to support significant increase in requests from mainstream schools. These staff will directly support SEND placements in mainstream settings and also release capacity for District SENCOs to aid school SENCOs in their work to develop inclusive mainstream school SEND practice and provision. The creation of these posts is still pending NCC approval.

NCC Services to support children with SEND - £6.4 million (£6.1 million)

29. NCC Officers and DfE are reviewing all support services funded from the High Needs Block. NCC has allocated an additional £0.3 million towards services, primarily to fund pay awards and inflationary increases.
30. Funding includes
- High Needs Block contribution to SEND Transport - £1.8 million*
 - Health Related Education and Physical Disability Support teams - £2 million
 - Partnership Team - £0.9 million
 - NCC Overheads linked to teams referenced throughout paper - £0.9 million

***NCC is forecasting to spend £24 million on home to school transport for Children with SEND in 2025/26.**

Future Funding and Reforms

31. Nottinghamshire County Council await the outcome of the Dfe's review of the high needs funding system and the impact that it will have on 2026/27 and future year overspends.

It is clear that the extent of the divergence between high needs NFF allocations and spending in different local authorities raises questions about aspects of this allocation methodology. The Department will therefore review the high needs funding system for future years, to ensure that it will properly support the reformed SEND system.

Source - The national funding formula for schools and high needs 2026 to 27 - DfE

32. NCC will continue to work with the DfE, Schools Forum and schools, academies and PVI's 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.
33. Nottinghamshire County Council are currently forecasting to end 2025/26 with a non ISB reserve holding a deficit of £36 million. With the current trajectory of expenditure this could be approaching £100 million by the end of 2026/27.
34. Although the DfE have committed that, from April 2028, costs of education for children with SEND will be met within the overall government budget, they have not announced whether any support will be given to local authorities to help offset the large non ISB reserve deficits that have been accumulated before then

Next steps

35. A report will be considered at NCC's Cabinet meeting on 16th March to approve the budget allocations for 2026/27.

RECOMMENDATION/S

That:

- 1) Schools Forum notes the content of the report and gives its views on the proposed budget allocations for 2026/27.

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