Kirklees Schools Forum Report

Service Area:	Learning and Inclusion / Schools Finance
Presented By:	Jo-Anne Sander / Jon Haigh
Report:	High Needs Block and overview of the financial assumptions for the Local Area Reform Plans
Date:	10 July 2026
Purpose Of Report:	Information and transparency
Is a Decision Required?	No
Decision context	n/a

High Needs Block and overview of the financial assumptions for the Local Area Reform Plans

Context

Each Local Area Partnership had to complete and submit a SEND Reform Plan (LARP) by 19th June.
Accompanying this plan was a spreadsheet asking for data and trajectories (for the next 3 calendar years to 31st December 2029) and financial impact modelling of the DSG (in particular the High Needs Block) for the next 2 financial years (including the current year) ie to the end of FY 2027/28.

The purpose of the plan is to consider trajectories after beginning to implement the 'Experts at Hand' and 'Inclusion Base' (both support bases and specialist bases) approaches across the partnership. Our approach has been to be 'optimistic but realistic' in terms of impact and delivery.

The DfE are currently reviewing all plans and will feedback in the Autumn, but, one significant aspect is that a successful plan will release a High Needs Stability Grant;

> 'The High Needs Stability Grant is a financial support mechanism provided by the Department for Education (DfE) to local authorities in England. It aims to cover 90% of the high needs deficits accrued up to the end of the current academic year, which is projected to total more than £5 billion. This grant will be paid to councils in Autumn 2026, subject to DfE approval of a local SEND reform plan. The grant will be used to reduce the deficit recorded in council accounts by 31 March 2026 and cannot be used for other purposes. If conditions are not met, future funding may be reduced or withheld. The grant is part of the government's commitment to ensure that local authorities can meet their statutory duties under the Children and Families Act 2014 and the Education Act 1996, while also improving outcomes for children and young people with special educational needs and disabilities (SEND)'
>
> Note – the calculation is not a straight 90%, it takes into account previous Safety Valve contributions within the determination.

Explanatory note on the government's approach Dedicated Schools Grant deficits - GOV.UK

High Needs Block position at end of 2025/26

Budget/available funding 2025-26	**£73.684m** (including HN Block allocation, Safety Valve Funding, Schools/EY Block transfer, LA funding)
Spend in 2025-26	**£91.174m**
In year deficit/overspend	**£17.49m**

As at end of the financial year 2025/2026, the cumulative High Needs Deficit was **£82.2m**.

Assumptions made regarding financial trajectories

The cumulative deficit is one part of the picture as we considered the impact of the assumptions that have been made regarding the introduction of Experts at Hand and Inclusion Bases, alongside what is happening in terms of current spend.

We are already part way through the current financial year, and we estimate that spend will be higher than the funding we are receiving into the High Needs Block.

In terms of the SEND Reform Plan the following factors have been taken into account:

- Financial modelling for 2026-27 and 2027-28 submitted
- Safety Valve (govt) funding removed/ended
- Assumption of Block transfer continuing
- Experts at Hand funding and spending the same amount (Years 2 and 3 amounts to be confirmed).
    - EAH guidelines
    - 80% on core spend (EP, SALT, OT, Specialist Teaching)
    - 10% on Transformation costs
    - 10% on Administration

And making those assumptions means that the position will still be an estimated in year deficit in 2026-27 and in 2027-28 (reflected in the submitted SEND Reform Plan).

A key point to make is that the potential offset from govt, the EAH funding, and any use of Block transfer will only alleviate the ongoing deficit, and not remove it. The picture remains a significant funding pressure.

Implications

Unless current DfE approaches to the High Needs Block change, this would require the LA to meet the cost of the residual deficit from their own resources which would mean setting aside appropriate reserves in the preceding years (ie now up until 2028).

This is because there is currently in place a statutory override. This accounting override, which has kept the deficit off Local Authorities general funds, ends on 31 March 2028. All remaining deficits will then need to be cleared.

From 2028-29, the government will cover future SEND costs through its departmental expenditure limit budget.

DfE have provided funding upfront to enable system change which should support a more sustainable system with clear expectations that more children should be educated in mainstream settings. For example;

- Inclusive Mainstream Fund (we need to consider the opportunities to complement the Cluster Communities Funding here)

Early Years (indicative)	£0.345 m	
Inclusive Mainstream Fund (Schools) - Maintained	£1.28 m	
Inclusive Mainstream Fund (Schools) - Academies	£2.0 m	(Paid direct)
Inclusive Mainstream (16-19)	£0.004 m	

- Experts at Hand/Transformation Funding

£3.5m in 2026-27. (Years 2 and 3 amounts to be confirmed)

- High Needs Capital Funding

£4.4m in 2026-27

We need to harness this opportunity to move us collectively to a sustainable position by that time where the funding that is available across the Local Area Partnership is sufficient in meeting the needs of our pupils.
The approval of the LARP will mean we will be required to report quarterly, both on numbers of pupils with EHCPs, where they are being educated and the impact of the reform plan and associated spend.

Appendix A – Inclusive Mainstream Funding

[Inclusive mainstream fund: 2026 to 2027 - GOV.UK]

Inclusive Mainstream funding (Govt guidance extracts below)

Funding rates

Funding rates for the inclusive mainstream fund for schools, are based on factors used in the schools NFF:

- a lump sum paid to all schools, regardless of pupil numbers   £3000 per school
- a basic per-pupil rate (with different rates for primary and secondary schools)
  Primary = £16 per pupil and Low Prior Attainment per pupil of £79.
  Secondary = £14 per pupil and Low Prior Attainment per pupil of £88

DfE apply an area cost adjustment (ACA) to reflect geographical variation in labour costs.

Permitted use of funding

The inclusive mainstream fund should be used to equip schools to plan, prepare and embed evidence-informed approaches and activities to build an inclusive core offer for children and young people with special educational needs and disabilities (SEND). This should be used to identify and meet commonly occurring, predictable needs within their cohorts and take meaningful steps to become inclusive by design.

We recommend that schools allocate funding across the following 7 themes of activity to help deliver evidence-informed inclusive practice to children and young people. The 7 areas are:

- ambitious leadership and governance that embeds inclusion in planning – this includes a continuous consideration of learning and development needs within schools' cohorts, data collection and peer review to deliver high standards for all children and young people
- evidence-based support prioritising early intervention, so children and young people with SEND can access effective targeted provision at the right time
- high-quality teaching with curriculum designed for all learners, with teaching and support staff trained, supported and effectively deployed to address a diverse range of needs
- accessible and enriching provision beyond the classroom which provides all children with opportunities to support their personal development, build their independence and prepare for adulthood
- a safe and respectful culture fostering belonging and attendance – approaches may include practice and policies supporting attendance or behaviour ambitions and upskilling of staff by alternative provision specialists

- strong partnerships with families and wider services to support children and young people, particularly through transitions – activities may include sharing expertise and resource across settings, extra staff time to aid transitions, and outward engagement with families to support wellbeing and attendance
- inclusive environments with continued improvements to accessibility, creating more supportive learning experiences – classrooms should be designed to support learning, minimise distraction, and meet a range of sensory and regulatory needs

How schools invest their funding will vary based on the needs of their cohort and what is required to embed inclusion and remove commonly occurring, predictable barriers to learning.

Alongside schools' core funding allocations, the inclusive mainstream fund supports the transition towards a reformed SEND system, in line with the proposals set out in SEND reform: putting children and young people first. The inclusive mainstream fund for schools is not a personal budget for individual pupils. It is for schools to decide how to allocate their total school funding allocation, after assessing the needs of their overall cohort and the evidence-based activities and approaches that will be effective in their context.

<u>Accountability</u>

Schools must develop and publish an inclusion strategy. An inclusion strategy is a plan to use their overall school funding allocation to identify and meet the needs of their cohort and make meaningful steps to embed inclusive practice.

This activity is funded by their core funding allocations, including their notional SEN budget calculated and communicated by their local authority, as well as the inclusive mainstream fund for schools.

Schools must publish their inclusion strategy statement by 31 December 2026. This timing will enable schools to take the needs of their new intake into account. We intend that the requirement to publish an annual inclusion strategy will continue beyond the 2026 to 2027 financial year. Schools may wish to develop a multi-year inclusion strategy. DfE will set out clear guidance and expectations to support schools to produce their inclusion strategy and embed inclusive practice, including providing a template.

An effective inclusion strategy will:

- present the school's strategy for ensuring high quality ordinarily available provision which meets children's needs and fulfils the conditions of grant
- be published as a statement on the school website each academic year, readily available and accessible to parents
- be available to Ofsted inspectors to consider when evaluating inclusion
- be refined through scrutiny by governors and trustees

The inclusion strategy should report on:

- the commonly occurring, predictable needs within a school's cohort and the barriers to learning pupils with additional needs face
- how funding is already spent on inclusion and their planned strategy for further investment, based on evidence and best practice and in line with the 7 areas of inclusion
- the activities and approaches undertaken to support this strategy and meet the needs of their cohort